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LEGISLATIVE HISTORY

Public Law 268--80th Congress

Chapter 358--1st Session

H. R. 3756

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DIGEST OF PUBLIC LAW 268

GOVERNMENT CORPORATIONS APPROPRIATION ACT, 1948. Provides the following amounts for administrative expenses of corporations under this Department (limitations on corporate funds): FFMC, \$2,750,000; FICB's, \$1,250,000; PCC's, \$1,600,000; and RACC, \$200,000; and limits the amount of assessments to be made against FCA corporations by FCA for supervisory or other services as follows: FFMC, \$400,000; FICB's, \$181,250; PCCs, \$232,000; and RACC, \$20,000. Provides for the liquidation of the Tennessee Valley Associated Cooperatives, Inc., by the Treasury Department. Amends Sec. 104 of the Government Corporations Control Act to read as follows: "The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations." Provides that funds of the corporations and agencies covered by the Act shall be available for payment of claims settled under the Federal Tort Claims Act. Provides that funds which are not subject to audit by the General Accounting Office under the Corporation Control Act or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, and that such funds shall not be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or covering warrant. Includes appropriations for TVA; National Housing Agency; Export-Import Bank; and Institute of Inter-American Affairs.

INDEX AND SUMMARY OF HISTORY ON H. R. 3756.

April 14, 1947	Hearings: House, H. R. 3756, Pt. 1.
April 17, 1947	Hearings: House, H. R. 3756, Pt. 3.
April 25, 1947	Documents: The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message and House Docs. 219, 228, and 237.
April 28, 1947	Hearings: House, H. R. 3756, Pt. 2.
June 9, 1947	House Appropriations Committee reported H. R. 3756. House Report 544. Committee Prints of the bill and report. Print of the bill as reported.
June 10, 1947	Rules Committee reported House Resolution 235 for the consideration of H. R. 3756. House Report 552. Print of the resolution.
June 11, 1947	House Resolution 235 was considered and agreed to. House debated and passed H. R. 3756.
June 12, 1947	H. R. was referred to the Senate Committee on Appropriations. Print of the bill as referred. Hearings: Senate, H. R. 3756.
July 14, 1947	Senate Committee reported H. R. 3756 with amendments. Senate Report 517. Print of the bill as reported.
July 15, 1947	Amendment proposed by Senator Lucas. Print of the amendment.
July 16, 1947	H. R. 3756 debated in the Senate and passed as reported. Senate Conferees appointed. Print of the bill with the amendments of the Senate numbered.
July 17, 1947	House Conferees appointed.
July 24, 1947	House agreed to the Conference Report. House Report 1061.
July 25, 1947	Senate rejected the Conference Report.
July 26, 1947	Both Houses agreed to a revised Conference Report. House Report 1111.
July 30, 1947	Approved. Public Law 268.

REVISED ESTIMATE OF APPROPRIATION FOR THE
HOUSING EXPEDITER.

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REVISED ESTIMATE OF APPROPRIATION FOR THE FISCAL YEAR
1948 INVOLVING A DECREASE OF \$3,675,000 FOR THE HOUSING
EXPEDITER

APRIL 25, 1947.—Referred to the Committee on Appropriations and ordered
to be printed

THE WHITE HOUSE,
Washington, April 25, 1947.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of Congress a revised estimate of appropriation for the fiscal year 1948 involving a decrease of \$3,675,000 for the Housing Expediter, in the form of an amendment to the Budget for said fiscal year.

The details of the estimate, the necessity therefor, and the reasons for its submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 24, 1947.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a revised estimate of appropriation for the fiscal year 1948 involving a decrease of \$3,675,000 for the Housing Expediter, in the form of an amendment to the Budget for said fiscal year, as follows:

HOUSING EXPEDITER

On page 100 of the Budget, column 1, in lieu of the paragraph under the head "Housing Expediter" insert the following:

Salaries and expenses, Housing Expediter: For expenses necessary to enable the Housing Expediter to perform his functions pursuant to the Veterans' Emergency Housing Act of 1946 (Public Law 388), including personal services in the District of Columbia; the preparation, mounting, shipping, and installation of exhibits; maps; hire of passenger motor vehicles; services as authorized by section 15 of the Act of August 2, 1946 (Public Law 600), but at rates for individuals not in excess of \$50 per diem; expenses of attendance at meetings of organizations concerned with the work of the Expediter; not to exceed \$20,000 for deposit in the Treasury for cost of penalty mail as required by the Act of June 28, 1944; not to exceed \$5,000 for the payment of claims pursuant to part 2 of the Federal Tort Claims Act; and health service program as authorized by the Act of August 8, 1946 (Public Law 658); \$8,775,000
(decrease)-- \$3, 675, 000

Prior to December 12, 1946, functions assigned to the Housing Expediter were being performed by a joint organization in the Office of the Administrator, National Housing Agency. With the lifting of certain controls it was determined that the Housing Expediter should perform his functions in connection with the veterans' emergency housing program authorized by Public Law 388 as an independent officer. Steps were therefore taken to separate the Office of the Housing Expediter from the Office of the Administrator, National Housing Agency. Actual separation became effective early in January 1947. In the meantime, efforts were made to develop financial requirements for the two offices for the fiscal year 1948.

Radical changes in conditions made it impossible to develop firm budgetary requirements within the short time remaining for completing the budget for 1948. On the best information, then available, an estimate of \$12,450,000 was included in the 1948 budget for the Housing Expediter.

Upon the separation of the two offices an intensive study was begun to determine actual requirements for the next fiscal year. About the time a firm estimate was developed the Congress passed the Urgent Deficiency Appropriation Act, 1947, which required liquidation of the Civilian Production Administration by June 30, 1947. Since much of the work of that Administration was being conducted under the Veterans' Emergency Housing Act and is essential to the success of that program, those functions were transferred to the Housing Expediter by Executive Order 9836, effective April 1, 1947.

The foregoing estimate contemplates vigorous prosecution of the veterans' emergency housing program through September 30, 1947, with a tapering off in the last 3 months of the calendar year, and liquidation by June 30, 1948. The amount is believed to be sufficient to meet all requirements including terminal leave pay of employees.

I recommend that the foregoing revised estimate of appropriation be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,
Director of the Bureau of the Budget.

REVISED ESTIMATE OF APPROPRIATION FOR THE
HOUSING EXPEDITER

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REVISED ESTIMATE OF APPROPRIATION FOR THE FISCAL YEAR
1948 AMOUNTING TO A DECREASE OF \$1,010,000 FOR THE HOUSING
EXPEDITER

APRIL 30, 1947.—Referred to the Committee on Appropriations and ordered to be
printed

THE WHITE HOUSE,
Washington, April 30, 1947.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of Congress a revised estimate of appropriation for the fiscal year 1948 amounting to a decrease of \$1,010,000 for the Housing Expediter in the form of an amendment to House Document 219, Eightieth Congress.

The details of the estimate, the necessity therefor, and the reasons for its submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 30, 1947.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a revised estimate of appropriation for the fiscal year 1948 involving a decrease of \$1,010,000 for the Housing Expediter in the form of an

amendment to my letter to you of April 24, 1947, now contained in House Document 219, as follows:

HOUSING EXPEDITER

On page 2 of House Document 219, 80th Congress, decrease the amount of the estimate for "Salaries and expenses, Housing Expediter" from "\$8,775,000" to "\$7,765,000"----(decrease)-- \$1,010,000

In my letter of April 24, 1947, I recommended a reduction of \$3,675,000 in the budget estimate for the Housing Expediter for the fiscal year 1948. This revision was based upon information then available which indicated that \$8,775,000 would be required to permit the Housing Expediter to perform the several functions assigned to him during the next fiscal year. As indicated in my letter the development of a firm estimate for this office was complicated by the separation of the Office of the Administrator, National Housing Agency, and the Housing Expediter, and subsequently by the transfer to the Housing Expediter of functions formerly performed by the Civilian Production Administration. While it was believed that the amount recently recommended represented the minimum required for the Housing Expediter for next year, it is now found upon further study that it will be possible to operate the office with \$1,010,000 less.

I recommend that the foregoing revised estimate of appropriation be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,
Director of the Bureau of the Budget.



REVISED ESTIMATE OF APPROPRIATION FOR THE
NATIONAL HOUSING AGENCY

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REVISED ESTIMATES FOR THE FISCAL YEAR 1948 INVOLVING DECREASES OF \$152,000 IN AN ADMINISTRATION EXPENSE LIMITATION ON CORPORATE FUNDS AND \$1,100,000 IN APPROPRIATED FUNDS FOR THE NATIONAL HOUSING AGENCY

MAY 6, 1947.—Referred to the Committee on Appropriations and ordered to be printed

THE WHITE HOUSE,
Washington, May 5, 1947.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of Congress revised estimates for the fiscal year 1948 involving decreases of \$152,000 in an administrative expense limitation on corporate funds and \$1,100,000 in appropriated funds for the National Housing Agency, in the form of amendments to the Budget for said fiscal year.

The details of the estimates, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., May 5, 1947.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration revised estimates for the fiscal year 1948 involving decreases of \$152,000 in an administrative expense limitation on corporate funds

and \$1,100,000 in appropriated funds for the National Housing Agency, in the form of amendments to the Budget for said fiscal year, as follows:

NATIONAL HOUSING AGENCY

FEDERAL HOME LOAN BANK ADMINISTRATION

HOME OWNERS' LOAN CORPORATION

On page 1113 of the Budget, column 2, decrease the amount of the estimate for "Administrative expenses, Home Owners' Loan Corporation," from "\$3,875,000" to "\$3,723,000"----- (decrease)--- (\$152,000)

The Memphis, Cincinnati, Omaha, and San Francisco regional offices of the Corporation were closed during the first 6 months of the current fiscal year. The functions and duties of the Memphis and Cincinnati offices were transferred to the New York regional office, and those of the Omaha and San Francisco offices to the Chicago regional office. The savings to result from the closing of these offices were reflected in the recommended limitation on administrative expenses of \$3,875,000 included in the 1948 budget. The closing of other regional offices could not be determined until the work load transferred had been absorbed by the New York and Chicago offices and the effect of such closings on the Corporation's operations had been determined. During the forepart of the calendar year 1947 it was determined that the Dallas regional office, the operation of which through the fiscal year 1948 had been provided for in the budget, could be closed and its functions and duties transferred to the New York regional office. This was accomplished as of March 31, 1947. As a result, it is now estimated that the total administrative expenses estimate for the Home Owners' Loan Corporation may be reduced by \$152,000.

FEDERAL PUBLIC HOUSING AUTHORITY

On page 1169 of the Budget, column 1, decrease the amount of the estimate for "Annual contributions, National Housing Agency, Federal Public Housing Authority," from "\$8,300,000" to "\$7,200,000"----- (decrease)--- \$1,100,000

This reduction applies to projects constructed under the defense amendment to the United States Housing Act (Public Law 671, 76th Cong.). In the past these projects have required only nominal annual contributions. Recent reports and approved project budgets indicate that very little will now be required for fiscal year 1948. Data on income substantiate the approved project budgets and indicate that the anticipated reduction in income will be less than the original estimate. In addition, it is now anticipated that permanent financing operations will not be undertaken at the rate previously estimated and accordingly many projects which otherwise would have required annual contributions will not now require them. Based on these factors, it is believed that the estimate can be reduced by \$1,100,000.

I recommend that the foregoing revised estimates be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,
Director of the Bureau of the Budget.

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 10, 1947
For actions of June 9, 1947
80th-1st, No. 108

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~~HIGHLIGHTS: House committee reported Government corporations appropriations bill, which includes FCA items. Rep. Cooley criticized farm-land price conference and FCA administration. Rep. Pace introduced bill to amend Farm Tenant Act by increasing rate on title I loans and change insured-mortgage provisions. Rep. Rankin urged additional REA funds.~~

HOUSE

1. GOVERNMENT CORPORATIONS APPROPRIATION BILL. The Appropriations Committee reported this bill, H. R. 3756 (H. Rept. 544)(p. 6822). The bill includes the following amounts for corporations under the supervision of the Department of Agriculture:

Federal Farm Mortgage Corporation, \$2,750,000 (Budget estimate, \$3,235,000)
Federal Intermediate Credit Banks, \$1,250,000 (Budget estimate, \$1,755,000)
Production Credit Corporations, \$1,600,000 (Budget estimate, \$1,702,000)
Regional Agricultural Credit Corporation of Washington, D. C., \$200,000
(Budget estimate, \$300,000)

The Committee Bill contains provisions for each of the above corporations limiting the amounts which may be made available to the Farm Credit Administration for payment of supervisory expense and other expenses.

The Committee Bill proposes the following major changes in the Government Corporations Control Act (Public Law 248, 79th Congress): (1) Amends Sec. 104 to provide that Congress shall make necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends; and (2) amends Sec. 101 to provide that certain mixed-ownership corporations, including the Central Bank for Cooperatives and the regional banks for cooperatives, shall submit annual budgets for review by Congress.

Excerpts from Committee report:

Reconstruction Finance Corporation: "The budget submitted for the Reconstruction Finance Corporation and its subsidiaries has not been acted upon inasmuch as the act authorizing the Reconstruction Finance Corporation expires on June 30, and legislation to extend its life is now pending in Congress."

P. M. A.: "The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill."

Corporations in general. "While much of the authority of Government corporations to borrow funds is subject to certain restrictions, such as borrowing for specific purposes only, the total amount is staggering nevertheless. The committee feels that the Congress should maintain a vigilant scrutiny over this aspect of our fiscal structure."

Personnel reductions. "Wherever reductions in appropriations require reductions in personnel it should be stated that such reductions in personnel must be undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the Departments must understand that terminal leave costs will be borne by 1948 appropriation. Dismissals prior to June 30, 1947, will require expenditure of 1947 appropriations for terminal leave. No deficiency estimate for such purpose for either 1947 or 1948 will be entertained."

Employees' loyalty. "The committee has endeavored to advise the heads of the various corporations and agencies which appeared before it that Federal funds are not to be used to pay salaries or expenses of persons antagonistic to our form of government. To that end the committee intends to hold the head of each corporation and agency personally responsible for immediately dismissing and in the future refusing to employ any person who is not completely loyal to our form of government or who belongs to any organization which advocates the overthrow of our government by force or violence."

Fertilizer. The report says it is desired that TVA fertilizer for tests and demonstrations be limited to \$1,500,000, then states: "The practice of furnishing fertilizer to the owner of a test farm for 4, 5, or more years without cost or at nominal cost should be changed...It is only reasonable that such farmers be required to pay at least part of the cost of the fertilizer."

Housing. "The committee is convinced that the program of trying to expedite the construction of residential housing has not been successful...the committee requested the Expediter to prepare an estimate of the cost of liquidating that office as of June 30, 1947...The exact amount of this estimate...is provided in the accompanying bill."

The report also explains the two proposed amendments to the Government Corporations Control Act.

- ~~2. APPROPRIATIONS. Received (June 6) from the President a proposed general provision reading as follows: "When employees are separated from the service during July 1947 by reason of a reduction-in-force and have been given notice of such separation during the fiscal year 1947, lump-sum payments for accumulated leave may be charged against unobligated balances of the 1947 appropriations from which such employees were paid: Provided, That subparagraphs (A) and (B) of paragraph (1) of section 14 (a) of the Federal Employees Pay Act of 1946 (Public Law 390) shall not apply to such employees." To Appropriations Committee. (H. Doc. 302.)~~
- ~~3. FARM LANDS. Rep. Cooley, N.C., criticized the farm-land price conference, stating that "The record clearly shows that farm-land values have neither kept pace with commodity prices, with the Nation's farm income, nor the national income...", and criticizing administration of FCA (pp. 6812-3).~~
4. ELECTRIFICATION. Rep. Trimble, Ark., discussed and analyzed Cecil S. Lynch's (Ark. Power & Light Co.) pamphlet "Taking the Mystery Out of the Power Problem"

[FULL COMMITTEE PRINT]

NOTICE.—This report is given out subject to release when consideration of the bill which it accompanies has been completed by the whole committee. Please check on such action before release in order to be advised of any changes.

80TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } No. 544

GOVERNMENT CORPORATIONS APPROPRIATION
BILL, 1948

JUNE —, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JENSEN, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 3756]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1948, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message, pages 957-1024, 1093-1190, 1235-1347, and House Documents 219, 228, and 237.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945, which requires that all wholly owned Government corporations submit annual budgets to the Congress, specifies by name such corporations as were in existence at the time that act became law on December 6, 1945.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations, respecting the budgets submitted for the fiscal year 1948, in accordance with the provisions of such act, with certain exceptions.

The budget submitted for the Reconstruction Finance Corporation and its subsidiaries has not been acted upon inasmuch as the act authorizing the Reconstruction Finance Corporation expires on June 30, and legislation to extend its life is now pending in Congress. Pending determinations on this legislation, it is not possible to estimate accurately the requirements of the Reconstruction Finance Corporation. This budget will be considered in a subsequent bill to be reported, after the future of the Reconstruction Finance Corporation has been determined.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, already passed by the House.

In order to indicate the current status of wholly owned Government corporations with regard to their legal lives as corporate entities and as agencies or instrumentalities of the United States, the following summary tabulation is presented. Those corporations already liquidated are not included in the tabulation. As of the latest date for which available, information has been included regarding pending legislation affecting the corporations with respect to their legal lives. Inasmuch as many of the numerous bills introduced in Congress contain incidental references which may affect Government corporations, the information regarding pending legislation in the table should not be considered as necessarily complete.

Government corporations

Name	Termination date under provisions of existing law or charter	Pending legislation
Banks for Cooperatives.....	Indefinite	
Commodity Credit Corporation ¹	June 30, 1947 ²	S. 350 (passed Senate Apr. 8, 1947). H. R. 30.
Defense Homes Corporation ¹	Indefinite ³	
Export-Import Bank of Washington ¹	do ⁴	S. 993 (passed Senate Apr. 21, 1947). S. 414 (insurance fund).
Federal Crop Insurance Corporation.....	do	S. 1326.
Federal Deposit Insurance Corporation.....	do	H. R. 974; S. 1070.
Federal Farm Mortgage Corporation.....	do	H. R. 3330; S. 925.
Federal Home Loan Banks.....	do	H. R. 2799, H. Rept. 413.
Federal Intermediate Credit Banks.....	do	
Federal Land Banks.....	do	H. R. 3330; S. 925.
Federal National Mortgage Association.....	do	
Federal Prison Industries, Inc.....	do	
Federal Public Housing Authority.....	do ⁵	
Federal Savings and Loan Insurance Corporation.....	do	H. R. 2798, H. Rept. 411, H. R. 2800.
Home Owners' Loan Corporation.....	When purpose accomplished.	
Inland Waterways Corporation.....	Indefinite	
Institute of Inter-American Affairs ¹	do	
Inter-American Educational Foundation, Inc. ¹	do	
Prencinradio, Inc. ¹	May 14, 1946 ⁸	
Institute of Inter-American Transportation ⁶	Aug. 21, 1946 ⁸	
Panama Railroad Company ¹	Indefinite	
Production Credit Corporations.....	do	
Reconstruction Finance Corporation.....	June 30, 1947 ⁷	H. R. 2535 (surplus property); S. 217.
Regional Agricultural Credit Corporation.....	Indefinite	
RFC Mortgage Company ¹	do	
Rubber Development Corporation ¹	June 30, 1947	
Smaller War Plants Corporation.....	Dec. 31, 1946	
Tennessee Valley Associated Cooperatives, Inc. ¹	Indefinite	

See footnotes at end of table, p. 3.

Government corporations—Continued

Name	Termination date under provisions of existing law or charter	Pending legislation
Tennessee Valley Authority.....	Indefinite.....	S. 1277.
U. S. Commercial Company.....	June 30, 1947 ⁷	
Virgin Islands Company ¹	Indefinite.....	H. R. 3108 and S. 1183.
War Damage Corporation.....	June 30, 1947 ⁷	H. R. 74.
Warrior River Terminal Co. ¹	Indefinite.....	

¹ These corporations were created under the laws of a State, Territory, or possession of the United States, or under the laws of the District of Columbia, and under sec. 304 (b) of the Government Corporation Control Act, 59 Stat. 602, their status as agencies of the United States expires June 30, 1948, and they are directed to be dissolved.

² As an agency of the United States (continued to June 30, 1947, by Public Law 30, approved Apr. 12, 1945, 59 Stat. 30). Delaware charter provides for perpetual existence.

³ In process of liquidating.

⁴ Constituted an independent agency with indefinite life by the act of July 31, 1945, Public Law 173 (59 Stat. 526).

⁵ Formerly United States Housing Authority. Executive Order No. 9070, Feb. 24, 1942, created the National Housing Agency and consolidated therein the United States Housing Authority, to be administered as the Federal Public Housing Authority under the direction and supervision of the National Housing Administrator. Said order is to be in force and effect so long as title I of the First War Powers Act remains in force.

⁶ Now in dissolution.

⁷ Public Law 656, approved Aug. 7, 1946 (60 Stat. 901) provides for the termination of this Corporation on June 30, 1947.

⁸ Certificate of dissolution filed with the secretary of state, State of Delaware, on date indicated.

The following statement sets forth the net withdrawals from the Treasury, in round figures, of all the wholly owned Government corporations, including Commodity Credit Corporation and Federal Crop Insurance, but excepting the Reconstructing Finance Corporation, as submitted in the budget for 1948 and subsequently amended.

*Net withdrawals from U. S. Treasury by wholly owned Government corporations
(except Federal Loan Agency) and credit agencies (revised)*

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
Appropriation expenditures (net).....	\$568	\$302	—\$4
Capital and surplus subscriptions, less returns.....	609	309	—3
Cancellation of notes of Commodity Credit Corporation ¹		921	642
Interest payments to U. S. Treasury.....	—27	—17	—25
Borrowings from U. S. Treasury, less repayments and cancellations.....	—682	—347	328
Expenditures from trust accounts, less receipts.....	7	9	—6
Change in cash balances with U. S. Treasurer.....	—629	85	—5
Net withdrawals from U. S. Treasury.....	—154	1,262	927

¹ Offset by reduction in borrowings from the U. S. Treasury in equal amounts.

The following is a consolidated balance sheet of all such corporations as of June 30, 1946, 1947, and 1948.

Financial condition, revised as of June 30, 1946, 1947, and 1948

[In millions]

	Actual, 1946	Estimate, 1947	Estimate, 1948
ASSETS			
Loans receivable.....	\$2,295	\$3,490	\$4,461
Land, structures, and equipment.....	2,733	2,343	1,956
Commodities, supplies, and materials.....	619	261	358
Investments.....	392	375	390
Cash.....	775	679	685
Appropriated funds.....	552	230	182

Financial condition, revised as of June 30, 1946, 1947, and 1948—Continued

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
ASSETS—continued			
Advances and accounts receivable.....	\$741	\$277	\$104
Other assets.....	15	16	24
Total assets.....	8, 122	7, 671	8, 160
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable.....	3, 121	2, 707	3, 014
Deferred and undistributed credits.....	221	90	13
Other liabilities.....	1, 940	1, 400	1, 294
Total liabilities.....	5, 282	4, 197	4, 321
Paid-in capital and surplus.....	4, 860	6, 085	6, 853
Earned surplus.....	-2, 020	-2, 611	-3, 014
Total.....	8, 122	7, 671	8, 160

The following is a statement of the funds to be received and expended by such corporations for the fiscal years 1946, 1947, and 1948.

Sources and application of funds, revised, by fiscal years

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
FUNDS APPLIED			
To acquisition of assets:			
To make loans.....	\$1, 686	\$2, 967	\$3, 274
To purchase investments.....	100	20	48
To purchase commodities.....	2, 316	1, 729	894
To add to fixed assets.....	94	455	94
To acquire other assets.....	1	8	13
To operating costs:			
To pay cost of commodities sold.....	51	67	85
To pay other operating expenses.....	236	265	226
To pay subsidies and contributions.....	848	23	13
To retirement of borrowings and capital:			
To retire outstanding obligations to U. S. Treasury.....	3, 420	3, 152	1, 816
To retire outstanding obligations to the public.....	988	1, 376	1, 302
To return capital and pay dividends.....	169	127	428
To increase working capital.....	459		
Total.....	10, 368	10, 189	8, 193
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans.....	1, 754	1, 790	2, 273
By sales of investments.....	109	170	150
By sales of commodities.....	3, 033	2, 048	797
By sales of fixed assets.....	12	5	6
By operating income.....	352	420	431
By borrowing and capital:			
By borrowing from the U. S. Treasury.....	2, 738	2, 804	2, 455
By borrowing from the public.....	712	1, 413	1, 239
By new capital and paid-in surplus.....	705	345	10
By appropriations.....	953	992	694
By decrease in working capital.....		202	138
Total.....	10, 368	10, 189	8, 193

The committee desires to call attention to the total borrowing authority of wholly owned Government corporations, which as of March 31, 1947, was slightly in excess of \$30,000,000,000. The amount of outstanding obligations as of the same date, approximately

11½ billion dollars, reduces to about 18½ billion the balance of such borrowing authority outstanding as of March 31. It should be noted that the 18½ billion dollars outstanding is subject to possible reduction of approximately \$5,700,000,000, as indicated in the footnotes appended to the statement which follows.

While much of the authority of Government corporations to borrow funds is subject to certain restrictions, such as borrowing for specific purposes only, the total amount is staggering nevertheless. The committee feels that the Congress should maintain a vigilant scrutiny over this aspect of our fiscal structure in connection with its watch over the public debt of the Nation and in connection with its consideration of matters related to our national finances in general.

The following tabulation was supplied by the United States Treasury Department on the basis of the latest information obtained from the individual Government corporations.

Borrowing authority, outstanding obligations and balance of borrowing authority of wholly owned corporations of the U. S. Government as of Mar. 31, 1947

Corporation	Borrowing authority	Outstanding obligations
Commodity Credit Corporation.....	\$4,750,000,000.00	\$955,512,227
Defense Homes Corporation.....	44,204,208.00	44,146,208
Export-Import Bank of Washington.....	2,500,000,000.00	271,900,000
Federal Farm Mortgage Corporation.....	¹ 2,000,000,000.00	2,621,500
Federal Intermediate Credit Banks.....	933,253,370.90	318,995,000
Federal National Mortgage Association.....	13,762,332.87	0
Federal Public Housing Authority (U. S. Housing Act).....	726,193,000.00	350,002,000
Home Owners' Loan Corporation:		
Guaranteed as to principal and interest.....	² 1,838,950,325.00	{ 578,289,000
Guaranteed as to interest only.....		
Inland Waterways Corporation.....	5,009,059.48	0
Institute of Inter-American Affairs.....	(3)	0
Institute of Inter-American Transportation.....	(3)	0
Inter-American Educational Foundation, Inc.....	(3)	0
Panama Railroad Company.....	7,000,000.00	0
Prencinradio, Incorporated.....	(3)	0
Reconstruction Finance Corporation and subsidiaries.....	⁴ 17,241,570,623.22	8,902,143,850
Regional Agricultural Corporation of Washington, D. C.....	(3)	0
Tennessee Valley Associated Cooperatives, Inc.....	(3)	0
Tennessee Valley Authority:		
Guaranteed.....	56,500,000.00	56,500,000
On credit of United States.....	2,000,000.00	2,000,000
Virgin Islands Company.....	⁵ 209,302.00	209,302
Total.....	30,118,655,271.47	11,512,463,962
Less: Intercorporate items:		
Due to RFC by Defense Homes Corporation.....	-44,204,208.00	-44,146,208
Due to RFC by Tennessee Valley Authority.....	-2,000,000.00	-2,000,000
Net total.....	30,072,451,063.47	11,466,317,754
Total borrowing authority.....	30,072,451,063.47	
Less outstanding obligation.....	11,466,317,754.00	
Balance of borrowing authority.....	18,606,133,309.47	

¹ Does not reflect reductions in borrowing authority of an unspecified amount recommended by the President.

² In addition, the corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the HOLC to make new loans expired June 12, 1936.

³ No amount stated.

⁴ Includes indefinite borrowing authority to the amount availed of less cash repayments and notes canceled. Included \$7,737,000 authorizations administratively canceled by the Corporation. Reduction of \$2,500,000,000 in borrowing authority covered in proposed new charter of RFC.

⁵ Indicates outstanding obligations. While the corporation is authorized in its charter to borrow, the amount of such borrowings is not specified.

REDUCTIONS IN PERSONNEL

Wherever reductions in appropriations require reductions in personnel it should be stated that such reductions in personnel must be

undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the Departments must understand that terminal leave costs will be borne by 1948 appropriation. Dismissals prior to June 30, 1947, will require expenditure of 1947 appropriations for terminal leave.

No deficiency estimate for such purpose for either 1947 or 1948 will be entertained.

WAR DAMAGE CORPORATION

Information supplied by the Reconstruction Finance Corporation at the request of the committee indicated that as of April 30, 1947, the War Damage Corporation has to its credit \$210,751,618.65 representing the excess of its income over expenses. Also, it was stated that such amount would be turned over to the Treasury in due course. The War Damage Corporation has completed the purpose for which it was created, and is no longer in the business of insuring against loss from war damage. Therefore, the bill contains a provision requiring that the amount indicated above be promptly paid into the Treasury and applied to reduction of the national debt.

LOYALTY OF EMPLOYEES

The committee has endeavored to advise the heads of the various corporations and agencies which appeared before it that Federal funds are not to be used to pay salaries or expenses of persons antagonistic to our form of government. To that end the committee intends to hold the head of each corporation and agency personally responsible for immediately dismissing and in the future refusing to employ any person who is not completely loyal to our form of government or who belongs to any organization which advocates the overthrow of our government by force or violence.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the bank's lending authority from \$200,000,000 to \$700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from \$700,000,000 to 3.5 billion dollars. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

During the fiscal year 1946 loan authorizations totaling \$655,000,000 were made to foreign countries to cover the termination of the lend-lease program, although a large part of the disbursements under such authorizations, \$279,100,000, were made in fiscal 1947. Credits to provide dollar exchange to foreign countries for immediate reconstruction of damages suffered from the war were also authorized by the bank in 1946 and 1947, although disbursements of such credit will extend into fiscal 1948. As of April 23, 1947, the total unobligated lending authority of the bank amounted to \$815,119,550.81. The committee feels that loans in the categories just referred to, which are based largely upon political considerations, are not in keeping with the purpose for which the Export-Import Bank was organized. While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States. The World Bank is now a going concern and major loans for reconstruction and rehabilitation should be referred to that bank rather than be handled by the Export-Import Bank. In any case, where it may appear in the national interest to extend large loans to foreign countries, such should be approved by the Congress in each instance.

As was pointed out in the hearings, the bank seeks to place loans with private lending agencies before making direct loans. It also endeavors to sell outstanding loans from its portfolio without recourse whenever possible. The committee highly endorses such practices and urges that the bank make the greatest effort to avoid competing with private capital.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1, 216, 512, 900	\$904, 802, 400
Expenses.....	3, 028, 700	13, 383, 000
Retirements of borrowings and capital and distribution of surplus.....	27, 700, 000	171, 100, 000
Increase in working capital.....		30, 614, 600
Total funds applied.....	1, 247, 241, 600	1, 119, 900, 000
Funds provided:		
Realization of assets.....	53, 400, 000	159, 600, 000
Revenues.....	32, 426, 434	72, 000, 000
Borrowings and capital subscriptions.....	1, 106, 800, 000	888, 300, 000
Decrease in working capital.....	54, 615, 166	
Total funds provided.....	1, 247, 241, 600	1, 119, 900, 000

Of the item "Acquisition of assets," \$904,802,400 represents the amount to be loaned in 1948. The item "Realization of assets" indicates the principal amount of loans to be collected.

In the fiscal year 1948 the total amount to be loaned by the bank will be less than its total new loans in the present fiscal year, since more than half of its lending authority is already being utilized. The fiscal year 1948 marks the beginning of the period when collections of loans will play a large part in the bank's activities. Owing to the

importance of protecting the public money already loaned by the bank, the committee has granted an increase of \$20,000 over the present year in the bank's administrative expenses. In recommending a total of \$800,000 for 1948, however, the committee has reduced the budget estimate of \$842,000, which is considered excessive.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Company acquired most of the 70,000 shares of its stock. This company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co., which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905 at an average cost of approximately \$140 per share.

The name of the corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities, all are in the Canal Zone except the steamship line which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war.

All three vessels have now been returned to the Railroad Company. Two are now operating, and the third, which required major realterations, should be back in service very soon.

The railroad, comprising 50 miles of main-line track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the Company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments. While it is likely that the completion of the new highway will reduce the revenues of the railroad without proportionate reductions in operating expenses the Railroad Company is prohibited by treaty from operating busses and truck lines over the highway, which passes through portions of the Republic of Panama. A company in the Republic of Panama presently is in the process of constructing a hotel in the city of Panama. When this is completed it should be possible for the Railroad Company to reduce its activities in this field. The hotel business of the Company has not been profitable except during the war years.

Under section 304 of the Government Corporation Control Act (Public Law 238, 79th Cong.) the Panama Railroad Company in-

tends to seek reincorporation in the Eightieth Congress. The present functions of the Company as an adjunct to the Panama Canal and as an international common carrier are important and are required by provisions of public treaties and notes accessory thereto to be performed by a public agency of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1, 108, 869	\$1, 706, 700
Expenses.....	45, 373, 001	40, 128, 600
Payment of dividends.....	1, 250, 000	700, 000
Total funds applied.....	47, 731, 870	42, 535, 300
Funds provided:		
Revenues and cancellations of liability.....	47, 513, 099	41, 952, 200
Decrease in working capital.....	218, 771	583, 100
Total funds provided.....	47, 731, 870	42, 535, 300

The committee has reduced the budget estimate of \$779,700 for administrative expenses by \$29,700 to \$750,000. Total administrative expenses, including deficiencies, in 1947 amounted to \$760,000. Thus, the amount provided for 1948 is a slight reduction from that available in 1947.

At the beginning of the 1947 fiscal year, it was estimated that the company would show a net deficit for the year. The committee is happy to note that the picture has now changed so that a net profit of approximately \$500,000 will be earned. It is hoped that the estimated profit of \$395,760 for 1948 can also be increased.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of Tennessee Valley Associated Cooperatives, Inc., and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as Tennessee Valley Authority directors. The present directors of Tennessee Valley Associated Cooperatives, Inc., have no present connection with the Tennessee Valley Authority. No act of Congress or

executive order or Federal statute specifically authorized the creation of the Tennessee Valley Associated Cooperatives, Inc.

This corporation will cease to be an instrumentality of the United States on June 30, 1948, under the provisions of the Corporation Control Act of 1945. The committee has been unable to ascertain any sound reason for continuing this entity as a Government corporation, and has therefor provided administrative expenses only for its liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$15,000	\$15,000
Expenses.....	3,000	3,000
Increase of working capital.....	4,600	4,550
Total funds applied.....	22,600	22,550
Funds provided:		
Realization of assets.....	17,700	17,700
Revenues.....	4,900	4,850
Total funds provided.....	22,600	22,550

The corporation owns preferred stock in local cooperative enterprises to the value of \$33,825 and on June 30, 1947, will have loans outstanding to cooperatives to the amount of \$238,480. It is estimated that these loans are worth approximately \$125,000.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established "to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munitions plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined, by Executive Order 6161 (June 8, 1933) that the Tennessee Valley Authority should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

The committee considers that the Tennessee Valley Authority is now substantially complete as a "going concern." It is recommended that major additions to its facilities and expansions of its activities in the regions it serves be proposed to and acted upon the future by the Congress.

In its report on the Government corporations appropriation bill for 1947 the committee stated that the portion of the investments which represent the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of 40 years, and that the Treasury of the United States should be reimbursed insofar as possible for such costs. The goal was, and is, that provision should be made for orderly restoration of the funds provided by the taxpayers of the country as a whole so as to leave a large operating facility owned, free of debt, by all the people. A great deal of study and analysis of relevant considerations has been undertaken, and the committee has included a provision in the accompanying bill to effectuate this goal. Since, owing to variable factors such as volume of stream flow, which affects the amount of electricity generated by water power and sales of electricity, which vary with many factors, including fluctuations in general business activity, it is virtually impossible to know just what the Authority's net income from power operations will be in future years. Also, costs of producing electricity vary, especially when inadequate stream flow requires the purchase of coal for steam-operated generators. Therefore the committee has proposed a plan which requires that a fixed percentage of annual net income from power operations be paid into the Treasury each year. The following figures on the cost of power-producing facilities, prepared by the Tennessee Valley Authority, were used to determine the amount to be paid into the Treasury:

Appropriations for power plant through June 30, 1946-----	\$287, 771, 841
Transfers of property from War Department-----	19, 026, 418
Bonds sold to Treasury and Reconstruction Finance Corporation---	65, 072, 500
Total funds provided by U. S. Treasury-----	371, 870, 759
Deduct:	
(1) Funds returned to U. S. Treasury through June 30, 1937:	
Portion of sec. 26 payments provided by power receipts:	
December 1945-----	¹ 7, 087, 741
December 1946-----	² 7, 971, 278
Total-----	15, 059, 019
Bond retirements: ³	
Fiscal year 1944: Sec. 15, series A, bond No. 1, held by RFC, retired Sept. 1, 1943-----	2, 000, 000
Fiscal year 1945: Sec. 15, series B, bond No. 3, held by RFC, retired June 15, 1945-----	2, 000, 000
Fiscal year 1946: Sec. 15, series A, bond No. 2, held by RFC, retired Sept. 1, 1945-----	1, 000, 000
Sec. 15, series B, bond No. 1, held by RFC, retired Mar. 15, 1946-----	1, 300, 000
Fiscal year 1947: Sec. 15 (a), series A, interim certificate, held by Treasury, retired Dec. 15, 1946-----	272, 500
Sec. 15, series B, bond No. 2, held by RFC, to be retired June 15, 1947-----	2, 000, 000
Total bonds retired from power receipts-----	8, 572, 500
Total principal payments from power receipts to Treasury-----	23, 631, 519
Outstanding balance of funds provided by Treasury for power plant as of June 30, 1947-----	348, 239, 240

¹ Total payment was \$12,597,744, including receipts from other than power operations.

² Total payment was \$10,336,264, including receipts from other than power operations.

³ Exclusive of bond interest.

The amount of \$348,239,240 is to be paid into the Treasury in not to exceed 40 years; \$2,500,000 of outstanding bond principal is to be paid and deducted from net income from power operations each year, and not less than 40 percent of the remaining net power income is to be paid each year until a total of \$348,239,240 has been paid. But not less than one-fourth of such amount is to be paid in each 10-year period after June 30, 1947. It is contemplated that the Congress, in approving the Authority's budget each year, will specify the amount to be returned to the Treasury during the ensuing year. It is also proposed that new appropriations for power facilities will be repaid to the Treasury on an amortized schedule not to exceed 40 years after such facility comes into operation.

The committee earnestly believes that this provision is a forward and progressive step in the history of the Tennessee Valley Authority. A schedule of repayments is thus provided whereby flexibility permits prosperous years to cushion payments to be made in less profitable years without destroying the basic provisions of section 26 of the Tennessee Valley Authority Act. Under this plan it is believed that the public interest will be protected without denying the management of the Authority adequate leeway in proposing what disposition shall be made of a portion of power proceeds.

The Authority's budgetary program for the fiscal year 1948 is presented in the following:

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
From appropriated funds:		
Acquisition of assets.....	\$20,328,000	¹ \$32,585,000
Expenses.....	9,225,000	² 7,850,000
Increase in working capital.....	10,853,000	
(Deduct adjustment for depreciation).....	(500,000)	(500,000)
Total appropriated funds applied.....	39,906,000	39,935,000
From corporate funds:		
Acquisition of assets.....	24,737,000	22,788,500
Expenses.....	28,390,000	30,951,000
Retirement of borrowings and return of earnings to Treasury.....	12,272,500	10,509,000
Total corporate funds applied.....	65,399,500	64,239,500
Total funds applied.....	105,305,500	104,174,500
Funds provided:		
From appropriated funds.....	39,906,000	³ 39,935,000
From corporate funds:		
Realization of assets.....	2,481,000	1,564,000
Revenues.....	57,535,000	58,945,000
Decrease in working capital.....	5,383,500	3,730,500
Total corporate funds provided.....	65,399,500	64,239,500
Total funds provided.....	105,305,500	104,174,500

¹ Reduced by committee to \$28,365,000.

² Limited by committee to \$7,156,000.

³ Reduced by committee to \$35,021,000.

The item "Acquisition of assets," from appropriated funds, covers continuation of construction of South Holston and Watauga Dams, and construction and acquisition of additions and replacements to chemical plant. The figure \$32,585,000 includes the unexpended balance of \$15,484,188 which the bill authorizes to be carried over from

1947 appropriations, and \$19,684,479 of the budget estimate for the 1948 appropriation, less \$2,583,667 of 1948 unliquidated obligations. The committee has reduced the estimate of \$27,057,500 for the 1948 appropriation by \$5,025,000. By limitation it has reduced the amount for dam construction by \$2,000,000 and the amount for additions to chemical plants by \$2,000,000. Expenditures for construction of these dams can be reduced by \$2,000,000 in the next fiscal year without interfering with their economical completion. The reduction for additions to chemical plant represents deferment of capital additions but does not require a reduction of research in fertilizer development.

The item "Expenses," from appropriated funds, covers operating costs of navigation operations, flood-control operations, fertilizer and munitions resources and development, and resource development activities. The committee has reduced the amount of \$7,850,000, as contained in the budget estimate, by \$500,000, and intends that such reduction be applied to resource-development activities. The Authority proposed to devote \$1,875,000 to fertilizer used in tests and demonstrations. The committee desires that \$375,000 of the \$500,000 referred to above, be deducted, leaving \$1,500,000 for fertilizer used in tests and demonstrations. The practice of furnishing fertilizer to the owner of a test farm for 4, 5, or more years without cost or at nominal cost should be changed. While the test farm serves a useful purpose for the compilation of performance data and for education of other farmers in the neighborhood, the recipient of test fertilizer also derives a direct and measurable increase in crop yields and profits. It is only reasonable that such farmers be required to pay at least part of the cost of the fertilizer. Most farmers would be happy to pay a reasonable cost for test fertilizer, particularly after the first year or two. The committee desires that a scheme be adopted whereby the recipient of test fertilizer would pay perhaps nothing or a nominal amount the first year, perhaps 20 percent of the delivered cost the second year, 50 percent of such cost the third year, etc., and after the fourth year the total cost of the fertilizer used on his farm. Such a scheme can be varied according to particular conditions, but owners of farms used for fertilizer tests and demonstrations should be graduated to the paying category as soon as possible. Also, steps should be taken to avoid giving any one farmer the benefits of free or unduly cheap test fertilizer over extended periods to the exclusion of all other farmers in the neighborhood or area. The benefits should be spread from one farm to another.

The \$125,000 balance of the \$500,000 reduction in resource and development activities is to be applied so as to reduce the amount used for fertilizer demonstrations and farm management assistance and rural organization and cooperative development activities, thus making the total funds devoted to these two activities not more than \$860,000.

The Authority proposed to purchase 421 new automobiles in 1948. The committee has reduced the number to be purchased to 221, and has accordingly reduced the appropriation by \$220,000. It is intended that these new cars be only for replacement of vehicles on hand, and that those in the most uneconomical operating condition be disposed of and replaced.

Section 102 of the Government Corporation Control Act requires that the budget program submitted by each wholly owned Govern-

ment corporation shall include a statement of administrative expenses. Schedule B-6 of the budget program presented by the Authority covers its proposed administrative and general expenses for the fiscal year 1948, in amount of \$4,805,000. The committee has provided in Title I of the bill \$1,409,000 of appropriated funds to be used for administrative expenses, and it desires that a total of not more than \$3,696,000 of corporate funds be used for administrative and general expenses. Thus a total of not more than \$4,105,000 should be used for administrative and general expenses, including all costs of activities set out in Schedule B-6 of the budget except the operation of Norris and Wilson villages. This does not prevent the Authority from allocating its administrative and general expenses to the cost of its various programs and activities for cost-accounting purposes. The statement of administrative expenses in future years should show a detailed break-down of such expenses by projects, programs, and activities and should distinguish appropriated funds from corporate funds.

The bill does not carry a legislative limitation but the intent of the committee is clear that the Tennessee Valley Authority management shall not exceed this amount of \$4,105,000 for administrative expenses. This amount is composed of various items as specified in this report. The Tennessee Valley Authority management is directed to conform to such limitations, both as to appropriated and corporate funds (in the aggregate). The expense of operating Norris and Wilson villages is not properly an administrative expense, in the opinion of the committee. The expense of operating the villages should be separately presented in future budget programs, with sufficiently detailed data to accurately reveal their financial status, including the sources of funds used and objects of expenses in connection with their operation. The committee can see no justification for maintaining Norris and Wilson villages as an activity of the Authority unless they can be put on a self-sustaining basis. Unless they are put on a self-sustaining basis they should be promptly disposed of by the Authority. The Authority should present a definite proposal to such end at the time its 1949 budget is considered.

Apart from excluding the expenses of operating these two villages, the committee expects the administrative and general expenses to be reduced by \$310,000. The expense of maintaining an information staff appears to be larger than necessary and, except for the technical library service, is considered to be superfluous to the Authority's activities. Over-all economies in administrative and general expenses can and must be effected.

In a statement obtained from the Authority after its budget program had been submitted, it was pointed out that the total estimate of \$4,805,000 for administrative and general expenses comprised \$1,798,000 of appropriated funds and \$3,007,000 of corporate funds. In such expenses a reduction in appropriated funds to be used for such expenses was computed approximately in proportion to the deductions applied to appropriated funds, except penalty mail costs. The entire reduction of \$5,000 from estimated penalty mail costs was made from appropriated funds. The portion of administrative and general expenses applicable to appropriated funds available for construction was reduced \$154,000, and the portion for operating costs (resource and development activities) was reduced \$35,000, a total of \$194,000. Since no information was obtainable as to what portion

of the expenses of operating Norris and Wilson villages is appropriated funds, an arbitrary determination of one-half, or \$195,000, has been made. Thus a total of not more than \$1,409,000 of appropriated funds may be used for administrative and general expense. The balance of such expense is to be provided from corporate funds.

The following statement showing the application of appropriated and corporate funds for the fiscal year 1948, on the basis of the budget as submitted, was requested by the committee after completion of the hearings:

TABLE I.—Statement of appropriated funds, fiscal year 1948

	1948 appropriation estimate	1947 unexpended balance	Less 1948 unliquidated obligations	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:					
Construction:					
Navigation, flood-control, and power facilities:					
Upper Holston projects (multiple-purpose).....	\$5,253,979	¹ \$12,760,765	\$2,105,244	\$15,909,500	\$690,000
Other multiple-use facilities..	3,205,500	587,119	62,119	3,730,500	159,500
Other navigation facilities.....	550,000	-----	-----	550,000	31,000
Investigations for future projects.....	90,000	-----	-----	90,000	3,000
Total.....	9,099,479	13,347,884	2,167,363	20,280,000	883,500
Chemical plant.....	8,661,000	1,960,353	250,353	10,371,000	306,000
General plant.....	735,268	60,183	10,183	785,268	20,500
Total construction.....	18,495,747	15,368,420	2,427,899	31,436,268	1,210,000
Purchase of general equipment:					
General plant:					
Transportation equipment.....	989,011	102,489	142,489	949,011	-----
Other general equipment.....	176,721	13,279	13,279	176,721	-----
Total purchase of general equipment.....	1,165,732	115,768	155,768	1,125,732	-----
Retirements:					
Chemical plant.....	25,000	-----	-----	25,000	-----
General plant.....	-2,000	-----	-----	-2,000	-----
Total retirements.....	23,000	-----	-----	23,000	-----
Total acquisition (and retirement) of fixed assets.....	19,684,479	15,484,188	2,583,667	32,585,000	1,210,000
Operating costs:					
Navigation operations.....	305,000	-----	-----	305,000	24,000
Flood-control operations.....	62,000	-----	-----	62,000	7,000
Fertilizer and munitions research and development.....	1,483,000	-----	-----	1,483,000	157,000
Resource development activities.....	6,000,000	-----	-----	6,000,000	400,000
Total operating costs.....	7,850,000	-----	-----	7,850,000	588,000
Adjustment for depreciation charged to construction and clearing accounts.....	-500,000	-----	-----	-500,000	-----
Total fixed assets and operations.....	27,034,479	15,484,188	2,583,667	39,935,000	1,798,000
General inventories (excluded in funds applied statement).....	23,021	68,466	68,487	² (23,000)	-----
Total appropriated funds.....	27,057,500	15,552,654	2,652,154	-----	1,798,000

¹ Includes all of the unobligated balance from 1947 (\$12,056,521).

² Excluded from funds applied in accordance with instructions for preparation of budget documents.

TABLE II.—*Application of corporate funds, fiscal year 1948*

	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:		
Construction:		
Navigation, flood-control, and power facilities:		
Indirect construction costs recovered from income.....	\$135,500	
Power facilities.....	24,621,000	\$769,000
Total construction.....	24,756,500	769,000
Retirements: Navigation, flood-control, and power facilities: Power facilities.....	-1,968,000	21,000
Total acquisition (and retirement) of fixed assets.....	22,788,500	790,000
Operating costs:		
Power operations.....	14,826,000	1,076,000
Chemical plant operations.....	10,623,000	690,000
Maintenance of idle chemical properties.....	18,000	
Operation of multiple-use facilities.....	4,446,000	450,000
Reimbursable services.....	1,038,000	1,000
Total operating costs.....	30,951,000	2,217,000
Retirement of bonds.....	2,500,000	
Payment to U. S. Treasury.....	8,000,000	
Total funds applied.....	64,239,500	3,007,000

The committee desires that a similar statement be submitted in the budget justification of the Authority when consideration is given to its budget program for the fiscal year 1949.

• DEPARTMENT OF JUSTICE

FEDERAL PRISON INDUSTRIES

Federal Prison Industries, Inc., was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Net earnings by the Corporation from January 1, 1935, to June 30, 1946, total \$18,457,802. It paid a dividend of \$4,774,000 to the Treasury during the fiscal year 1946. This amount equals the original capital of the Corporation plus the net value of property transferred from other Government agencies without exchange of funds through June 30, 1945. It is to have paid an additional dividend of \$6,225,293 prior to June 30, 1947, and plans to pay another \$3,000,000 prior to June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$825,000	\$970,000
Expenses.....	8,927,994	8,944,340
Dividend payments to U. S. Treasury.....	6,225,293	3,000,000
Total funds applied.....	15,978,287	12,914,340
Funds provided:		
Revenue.....	10,097,994	10,090,259
Decrease in working capital.....	5,880,293	2,824,081
Total funds provided.....	15,978,287	12,914,340

The item "Acquisition of assets" includes construction and improvement of buildings used for the industry's plant and acquisition of machinery and equipment under the Corporation's program of providing diversified employment. The Corporation's estimate of administrative expenses for the fiscal year 1948 have been reduced to \$240,000 from \$268,826 in 1947. Inasmuch as certain positions have been unfilled for some time, the committee feels that a small additional reduction can be made without jeopardizing the efficiency of the Corporation's operations. Therefore its administrative expenses for 1948 have been limited to \$225,000.

The financial statements presented to the committee were very clear and understandable and the committee commends the management for its clarity of presenting financial data. The committee also is of the opinion that the Federal Prison Industries has made a good record in general. It is hoped that this favorable record can be maintained in the future.

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The Corporation originally had an authorized capital stock of \$5,000,000. In 1928, this was increased to \$15,000,000. Of this amount, \$12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In

addition to this capital stock of \$12,000,000, the Corporation has paid-in surplus in excess of \$10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority to issue bonds or other long-term debt obligations.

At the time the budget program for the fiscal year 1947 was under consideration, the question was raised by the Secretary of Commerce as to whether or not the barge line should be sold regardless of the fact that all conditions of the act had not been met. The committee at that time recommended that the Corporation should not be sold until all of the requirements of the law had been met.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$2, 255, 000	\$2, 200, 000
Expenses.....	8, 275, 538	8, 374, 900
Increase in working capital.....		189, 000
Total funds applied.....	10, 530, 538	10, 763, 900
Funds provided:		
Realization of assets.....	2, 653, 936	1, 123, 000
Revenue.....	7, 815, 400	9, 640, 900
Decrease in working capital.....	61, 202	
Total funds provided.....	10, 530, 538	10, 763, 900

The item "Acquisition of assets" includes approximately \$1,000,000 for the purchase of an articulated unit of a boat and a number of barges. One such unit is to be purchased in 1947. The principal new feature is that the front of the boat and the ends of the barges are square so that they will fit flush together. Basin tests of a model of this articulated unit indicate the possibility of phenomenal increases in efficiency and consequent economies. After the unit to be purchased in the fiscal year 1947 has been tested, and if the tests are successful, an additional unit is to be purchased in 1948. The balance of the \$2,200,000 is to be used for further modernization of floating equipment, including acquisition of additional barges and installation of three Diesel engines in operating boats.

Objections have been voiced regarding the Government's continuing to operate a barge line in competition with other carriers. In view of this fact and the fact that the barge line has not been operating at a profit, and since a comparatively large investment in new and improved equipment is proposed, the question of whether the Corporation is to continue its operation has been given consideration by the committee. The Select Committee on Small Business of the House had contemplated making a study of this question. Therefore this committee requested the Small Business Committee to expedite its consideration of the matter. After conducting hearings in various cities affected by the operations of the barge line, the Small Business Committee furnished to this committee a report with recommendations. A copy of that report is to be found on pages 54-58 of part 3 of the hearings. This committee concurs in principle in the recommendations expressed in the report of the Small Business Committee. On the assumption that the barge line will be continued as a going

concern for at least several years, whether under Government or private management, the committee has approved the Corporation's budget program without change. It is refreshing to note that although the barge line is handling an increased volume of business it has at the same time reduced its administrative expenses from a total of \$640,000 in the fiscal year 1947 to \$418,000 in 1948. The management of the Corporation at present is in the hands of an alert and able person, Mr. A. C. Ingersoll, Jr., and the committee is hopeful that the Inland Waterways will set an excellent example for other Government Corporations to follow. If the Government must remain in business there is no good reason why its commercial activities should not be conducted on a sound and profitable basis.

WARRIOR RIVER TERMINAL COMPANY

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this corporation has been owned by the Inland Waterways Corporation.

This Company was formed for the purpose of acquiring the standard gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The Company originally had an authorized capital stock of \$150,000. Only \$100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the Company's charter the capital stock was increased to \$1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately \$100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works for replacement of trestles with steel spans. The Company has no outstanding bonds or other long-term debt obligations.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$201,465	\$250,000
Expenses.....	253,270	299,900
Increase in working capital.....	265	
Total funds applied.....	455,000	549,900
Funds provided:		
Revenue.....	455,000	500,500
Decrease in working capital.....		49,400
Total funds provided.....	455,000	549,900

The item "Acquisition of assets" for 1948 covers the purchase of 50 coal cars. The Company has paid a dividend of \$75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years and subsequently, it is not anticipated that a dividend will be declared in 1948.

The report of the Small Business Committee with respect to the Inland Waterways Corporation also makes recommendations regarding the disposition of the Warrior River Terminal Company. The committee concurs in the recommendations of the Small Business Committee as made in its report.

DEPARTMENT OF INTERIOR

VIRGIN ISLANDS COMPANY

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people. The United States Government purchased a number of properties, including sugar plantations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the Company was established and there is little doubt but that the situation has been greatly improved by the activities of the Company which is the backbone of the economy of the island. The Company has never paid an actual profit and the only activity which appears to be profitable is the rum distillery. This Company has no Federal charter and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business.

A bill has been introduced in the House (H. R. 3108) for incorporating the Virgin Islands Corporation, the proposed successor to the present company. The Corporation would have a capital stock of \$2,000,000 subscribed by the United States. It is proposed that this Corporation would make every effort to place the Virgin Islands on a self-supporting basis and enable the inhabitants to maintain an adequate standard of living. Development of tourist trade is one of the projects being planned to this end. In view of the ideal climate it is not impossible under proper management that a substantial volume of tourist trade could be built up over a period of several years. The committee is gratified to note that the Department of the Interior is seeking to find a solution for the economic plight of these island people.

The committee desires to reiterate the stand of the committee a year ago that "it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery," and to express the hope that in the consideration of the pending legislation the whole question of the economy of the islands will be studied with this in view.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$11, 300	\$8, 000
Expenses.....	946, 900	1, 046, 700
Retirement of borrowings.....	20, 000	100, 000
Increase in working capital.....	187, 900	183, 000
Total funds applied.....	1, 166, 100	1, 337, 700
Funds provided:		
By paid-in surplus.....	800	
Revenue.....	1, 165, 300	1, 337, 700
Total funds provided.....	1, 166, 100	1, 337, 700

Relatively minor expansion of the plant and equipment of the company is contemplated in 1948, as evidenced by the item "Acquisition of assets."

During the fiscal year 1946, programs carried on by the Company resulted in a net loss of \$78,509. For the fiscal years 1947 and 1948, the profit is estimated to be \$199,300 and \$268,400, respectively, before providing for income taxes which are estimated to be \$60,000 and \$85,000, respectively. This increase in profits results from the estimated increase in sales of sugar and rum. The operations of miscellaneous programs are expected to continue at a loss during 1947 and 1948. The sales from electricity are expected to produce enough revenue in 1948 to cover the cost of sales and provide a small profit. The net from the sale of rum, if realized as estimated, will finance the losses on the miscellaneous programs plus other expenses.

During 1946 the income almost equaled the expenditures on the sugar program, and it is expected that the income will at least equal the expenditures in 1947 and 1948. However, inadequate rainfall is an ever-present contingency and adverse weather conditions may easily result in the loss of an entire year's crop.

The budget program has been approved as submitted, including \$20,000 for administrative expenses in 1948, the same amount provided for the fiscal year 1947.

NATIONAL HOUSING AGENCY

OFFICE OF THE ADMINISTRATOR

The National Housing Agency was created by Executive Order 9070, issued February 24, 1942, and represented a consolidation of the civilian housing programs previously vested in 16 Government agencies.

The Agency consists of: the Office of the Administrator, which is responsible for assisting in the formulation of Federal housing programs, for supervising the execution of national housing policy, and for over-all coordination of the Agency's activities; the Federal Home Loan Bank Administration, with responsibilities for the supervision of building and loan and similar financial institutions and the establishment of credit facilities to protect their liquidity; the Federal Housing Administration, with statutory powers to insure mortgage loans made by private financial institutions on privately constructed and owned dwellings; and the Federal Public Housing Authority, which provides financial assistance, pursuant to the United States

Housing Act of 1937, in the construction and maintenance of low-rent slum-clearance housing projects and supervision in varying degrees over their management, and is also engaged in reerection, management, and disposition of temporary emergency housing under the veterans' housing and the public war-housing programs.

The Agency includes several activities which have been defined by section 101 of the Government Corporation Control Act as wholly owned Government corporations subject to the provisions of that act; namely, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation, which are administered within the Federal Home Loan Bank Administration; the Defense Homes Corporation; and the Federal Public Housing Authority (or United States Housing Authority).

During the first phase of the veterans' emergency housing program—from February 8, 1946, until the President revised the program in December—the Office of the Administrator carried out the major functions of the Housing Expediter, during a period when the same individual was both Administrator and Expediter. When the veterans' emergency housing program entered its second phase, the President made separate appointments to the posts of Administrator and Expediter.

The budget estimate submitted for the Office of the Administrator amounted to a total of \$1,215,000 of obligations for the fiscal year 1948. The amount for comparable activities during the 5½ months from January 11, 1947, was \$745,500. The estimate for 1948 reflected the new organization pattern of the Office of the Administrator subsequent to the separation of the function of the Housing Expediter from the National Housing Agency by Executive Order 9820, effective January 11, 1947. The following summary statement was included in the justification presented by the Administrator of the proposed 1948 budget program:

The Office of the Administrator has a responsibility under Executive Order 9070 for the basic research and fact finding which is necessary to discharge the responsibilities of the Federal Government in the field of housing as vested by law in the National Housing Agency. It exercises general supervision over the programs and general administration of constituents of the Agency. It is performing a broader coordinating function of all major activities of the Federal Government relating to housing through the work of the Coordinating Council which was established by the National Housing Administrator and meets with him at regular intervals.

The Administrator has, under provisions of the Lanham Act, primary responsibility for all funds appropriated for public war housing and veterans' housing, and for supervising the management and disposition of all such housing. In keeping with the functional allocation of activities within the National Housing Agency, the execution of this responsibility has been largely delegated to the Federal Public Housing Authority. Ultimate responsibility for this program remains, nevertheless, with the National Housing Administrator.

The Office of the Administrator serves as a point of contact on matters concerning or affecting housing activities of the Federal Government for the Congress; other Federal agencies, State and local governmental units, the building and construction industry, the general public, and foreign governments.

The means of financing the budget proposed for 1948 was presented by the Administrator as follows:

Transfers from constituents of NHA:

Federal Home Loan Bank Administration.....	\$67, 500
Federal Housing Administration.....	180, 000
Federal Public Housing Authority.....	202, 500
<hr/>	
Total from constituents.....	450, 000
Lanham Act, title V appropriation.....	100, 000
Operation, management, and disposition, public war housing.....	665, 000
<hr/>	
Total.....	1, 215, 000

The separate functions and programs are carried out by the various constituent units of the Agency, yet it proposes to use \$1,215,000 to superimpose a kind of master planning entity on top of these constituents, each of which maintains its own planning, coordinating, and administrative staff. While it is true that these constituent units all are concerned with a common element, housing, the activities of each is quite different from the others. The Federal Home Loan Bank Administration and its constituent units perform essentially a program of banking and extension and protection of credit. The Federal Housing Administration is an insurer. The Federal Public Housing Authority carries out what fundamentally is a social program. These activities are unrelated in more ways than they are similar.

The committee is unable to justify to the House the program presented for the Office of the Administrator, and accordingly has effected a drastic reduction in the funds available for 1948. The entire structure of Government corporations and independent agencies is today so confused with interagency borrowing, lending and transfers of funds that the most able of financiers and accountants are hard put to comprehend the over-all picture. In order that at least one segment of this confused situation may be clarified, the committee has provided that all the funds available to the Office of the Administrator, \$100,000 for the fiscal year 1948, shall be in the form of a direct appropriation from the Treasury, and from no other source. Such amount is adequate to preserve the administrative and policy supervision of the Office of the Administrator, and the committee proposes that, unless legislative provision is made to authorize and specify the duties and functions of the Office of the Administrator, the fiscal year 1948 is to be the last year of its existence.

OFFICE OF THE HOUSING EXPEDITER

The position of Housing Expediter was created in the Office of War Mobilization and Reconversion on December 12, 1945, primarily for the purpose of developing emergency measures to deal with the acute housing shortage as it affected veterans of World War II. The first Expediter was appointed on that same date. By Executive Order 9686, issued January 26, 1946, the President set forth in detail the functions and powers of the Housing Expediter including a direction that he formulate an emergency program and recommend necessary legislation. The Veterans' Emergency Housing Act, approved May 22, 1946, created the Office of the Housing Expediter, and included authorization for allocations and priorities, the use of premium payments to stimulate production of building materials, and the guarantee of markets for prefabricated houses and new type building materials. The same person, as authorized by the act referred to, was appointed

to serve in the dual capacity of Housing Expediter and Administrator of the National Housing Agency. By Executive Order 9820, issued January 11, 1947, these two functions were separated. By Executive Order 9836, issued March 22, 1947, all housing functions previously carried on by the Civilian Production Administration were transferred to the Office of the Housing Expediter. These include all of the administrative duties with respect to the limitations on nonessential and deferrable construction, the allocation and channeling of raw materials, and granting of priorities assistance to producers. In addition, the Office of Housing Expediter is charged with administering the compliance with all its regulations and orders.

The original estimate of salaries and expenses for the Housing Expediter, presented by the Budget Bureau, for the fiscal year 1948 amounted to \$12,450,000. This was subsequently revised downward to \$7,765,000, as shown on page 465 of the hearings. This revision anticipated substantial relaxation and elimination of controls for the remainder of the calendar year 1947, and liquidation of the agency by January 1, 1948 was contemplated under the revised budget program. The committee is convinced that the program of trying to expedite the construction of residential housing has not been successful. It is doubtful that the funds expended have expedited construction at all, and more doubtful that the public has received real value for its funds so used. Reports are prevalent that building materials have become available in a volume that is beginning to saturate the market, and that price reductions in many lines are in the offing because supply is beginning to exceed demand. For these reasons, and because strong sentiment has been expressed in the Congress to the effect that this function should be terminated, the committee requested the Expediter to prepare an estimate of the cost of liquidating that office as of June 30, 1947. The estimate appears on page — of the hearings. The exact amount of this estimate, \$3,539,080 is provided in the accompanying bill.

FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of (1) the Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Bank System is composed of 11 Federal home loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control

Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. There were formerly 12 such banks, but 2 were combined on March 29, 1946, reducing the number to 11. This system performs substantially the same function in the field of home mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at \$1,965,000, and reduced by the committee to \$1,250,000.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to \$5,000 for each account of investors in approved institutions.

The authorized and paid-in capital stock of the Corporation amounts to \$100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of \$3,000,000 per year. Deferment of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of \$5,771,-876,000 on 2,490 insured savings and loan associations as of June 30, 1946, the Corporation does not contemplate the return of any Government capital during 1948.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there were no such obligations outstanding as of June 30, 1946. In addition to the capital stock, surplus reserves amounted to \$67,350,194 on June 30, 1946, and will reach a total of \$74,869,000 by June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$10,893,000	\$17,787,000
Expenses.....	2,111,500	2,655,000
Total funds applied.....	13,004,500	20,442,000
Funds provided:		
Realization of assets.....	1,002,200	7,978,000
Revenue.....	11,230,600	12,046,800
Decrease in working capital.....	771,700	417,200
Total funds provided.....	13,004,500	20,442,000

The Corporation has purchased \$3,500,000 worth of Government securities in 1947, and estimates that it will purchase an additional \$6,000,000 in 1948. Insurance premiums amounted to \$7,283,000 in 1947 and are estimated at \$8,090,000 in 1948. Contributions to insured institutions amounted to \$1,501,000 in 1947, and are estimated at \$1,929,000 in 1948. The estimate for administrative expenses in 1948 was \$670,000, which has been limited by the committee to \$532,000.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation. Through this process the Corporation is and has been proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue \$4,750,000,000 in bonds and on June 30, 1946 \$743,111,625 of such bonds were outstanding. It is expected that by June 30, 1948 the total bonds outstanding will have been reduced to \$300,999,625.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of the amount loaned. The total obligations of the Corporation at one time exceeded \$3,400,000,000 and it is now estimated that the deficit as of June 30, 1948, will be \$50,620,300.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,390,000	\$1,335,000
Expenses.....	10,990,000	8,013,000
Retirement of borrowings.....	239,112,000	203,000,000
Total funds applied.....	251,492,000	212,348,000
Funds provided:		
Realization of assets.....	218,963,000	189,368,000
Revenue.....	29,394,000	20,268,000
Decrease in working capital.....	3,135,000	2,712,000
Total funds provided.....	251,492,000	212,348,000

The Corporation has had no authority to make new loans except on resale of property to which title has been acquired through foreclosure for 11 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years pass and the administrative expenses should be progressively reduced. The committee has reduced the estimate of \$3,723,000, by \$723,000, to \$3,000,000. The committee is of the opinion that it is possible to sell all of the outstanding loans on the books at the present time at not less than face value without recourse. It should be possible to make such sales by areas or states, selling en bloc all the mortgages in a given area. The loans are for the most part paid down to where they are backed by sound mortgage collateral, and should be readily salable in large lots. Every effort should be made to expedite the liquidation of these loans without waiting for them to mature.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under the provisions of the National Housing Act, to encourage improvement in housing standards and conditions, to promote a stable home mortgage market, and to stimulate the flow of private capital into the field of home financing through the insurance of mortgages on dwellings. During the present year, the Federal Housing Administration has operated under three titles of the National Housing Act. These are title I, which authorizes partial insurance by the Federal Housing Administration of character loans made for renovation, improvement, and within certain limitations, construction of both residential and nonresidential properties; title II, which provides for insurance of home mortgages up to 80 to 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II, but provides for appraisals on a current cost basis and higher coverage for emergency housing. Title VI was used during the years 1941-45 for insurance of privately financed war housing and was reinstated by the Congress in the spring of 1946 (Public Law 388, 79th Cong.) for insurance of veterans' housing. During normal times the Federal Housing Administration operates exclusively under titles I and II. The authority to insure new business under both titles VI and I, will expire on June 30, 1947, unless legislation extends such authority beyond that date. This will restrict insurance of new construction to title II, but will permit some refinancing under title VI and the usual insurance of existing construction under title II. None of the titles of the National Housing Act contemplates that the Federal Housing Administration either build houses or lend money.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance

programs; and (3) administrative expenses of the departmental field staffs of the Federal Housing Administration. The net worth of all the various insurance funds on December 31, 1946, was \$134,000,000, of which all but an initial contribution of \$15,000,000, from funds of the Reconstruction Finance Corporation, has accrued from insurance operations. It is estimated that this net worth will increase to approximately \$160,000,000 by June 30, 1948.

Through December 31, 1946, a total of \$4,000,000 in dividends had been paid out to members of mutual insurance groups who have paid their mortgages in full. The annual rate of these dividends at the present time is \$1,500,000. This so-called mutuality under which dividends are paid is, in the opinion of the committee, a misnomer, since those entitled to receive dividends are not liable for a pro rata share of losses. The committee recommends that legislation be enacted to correct such a situation.

During its twelve and a half years of operation the Federal Housing Administration had insured loans amounting to nearly \$10,000,000,000. As of June 30, 1946, \$4,203,000,000 of these loans were outstanding. In view of the fact that this agency has been in existence during a period when the trend of real property values has been almost constantly rising, and fortunately has never been confronted with a period of declining residential prices, it is recommended that the appropriate legislative committee undertake a reexamination of the ratio of reserves maintained against loss contingencies.

The estimate presented for administrative expenses in the fiscal year 1948 was \$24,000,000. The amount for 1946 was \$11,416,543; and for 1947, \$17,624,000. The committee has limited such expenses in 1948 to the same amount as for 1947.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were:

- The United States Housing Authority.
- The slum-clearance projects of the Public Works Administration.
- Defense housing of the United States Housing Authority.
- The Division of Defense Housing of the Federal Works Agency.
- The Division of Mutual Ownership of the Federal Works Agency.
- The defense-housing program of the Public Buildings Administration.
- The housing of the War and Navy Departments (except projects on military and naval reservations).
- The nonfarm housing of the Farm Security Administration.
- Defense housing of the Farm Security Administration.
- The Defense Homes Corporation.

The functions of the Authority are divided into six major groups which are presented separately.

After the hearing on this bill last year, the committee had an investigation conducted with respect to the activities and budgetary requirements of local housing authorities and, in general, to make a

thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures. The services of a small staff of trained and competent investigators were utilized for a period of more than 6 months. In the course of such investigation much light was thrown upon the activities of the central and regional offices of the Federal Public Housing Authority, which does not speak well for the manner in which this agency of Government has been managed and operated. The chief of the investigative staff and his assistant were called before the committee during the course of its hearings for interrogation with respect to their findings, and the testimony can be found beginning at page 314 of part 2 of the hearings. The Commissioner of the Federal Public Housing Authority was also interrogated regarding the questionable conditions and practices existent in the operations of the Authority.

The hearings are replete with instances of poor administration in the past and with questionable policies and practices at present.

The General Accounting Office made arrangements for an outstanding commercial accounting firm to undertake an audit survey of the books of FPHA. The report made to the General Accounting Office revealed on the part of FPHA an accounting situation so badly confused that a true audit could not be undertaken. It was stated in the report that—

* * * virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation, because the conditions have not been remedied or eliminated, there is no alternative to the conclusions that may be reached.

It was brought out in the hearings that steps are presently being taken to correct this inexcusably bad accounting situation.

Instances of embezzlement of the funds of local housing projects, by employees thereof came to the committee's attention. While in each of such known instances restitution of losses was effected and no Federal funds were lost, the Commissioner of FPHA insisted that it was incumbent upon him to determine whether any Federal criminal statute had been violated. The committee is of the opinion that such determination should properly be made only by the Attorney General and has requested him to investigate the embezzlements in question.

There are indications that labor unions are exercising an undue influence in at least some of the personnel actions taken by officials of FPHA. A case in point is cited on page 328 of part 2 of the hearings. A female employec of the Authority at San Diego, Calif., published a pamphlet on behalf of a labor union of Government employees attacking the management and publicizing her victory in an efficiency-rating appeal.

There are indications that travel performed at Government expense by employees of FPHA has been very loosely controlled and that the making of long-distance-telephone calls at Government expense has been subjected to abuse. The letting of construction contracts by FPHA officials has been shown to be questionable in some instances. Reports of inefficiency and incompetence in FPHA regional offices have reached the committee from several reliable sources.

The proportion of high-salaried personnel on the rolls of the FPHA is much higher than the over-all average for the Government as a whole and is much higher than that existent in any other Government

agency which has come to the attention of the committee. Thirty-six percent of the total personnel of FPHA receive salaries above \$4,500 per annum, and the list of titles of the so-called specialists employed is startling. This, in connection with other considerations enumerated, has motivated the committee to effect a substantial reduction in the administrative expenses of FPHA. By reducing its percentage of high-salaried personnel, this agency can maintain an adequate and efficient staff for carrying out its proper functions. The committee has included a provision in the bill limiting the number of persons paid in excess of \$4,500 per annum to 20 percent of the total in order to bring the number of higher paid personnel in line with sound business practices.

In its hearings, which are published, the committee has sought to obtain and point out the facts regarding what appears to be in many respects a deplorable condition in a Government agency. The present Commissioner of FPHA cannot be held responsible for errors or irregularities which occurred prior to his incumbency in that position. Being apprised of such matters, the Commissioner is expected to institute such changes as may be necessary to put the FPHA house in order during the fiscal year 1948.

The estimate of administrative expenses of the Authority for the fiscal year 1948 was \$15,600,000. This has been reduced by the committee to \$10,400,000, an amount more nearly in keeping with the work the Authority is required to perform, and this sum is more than adequate to support all activities of FPHA in 1948 which are necessary in the public interest. The committee expects all reductions in personnel to be made in relation to activities other than those necessary to the proper handling and accounting for the public funds and property entrusted to the FPHA.

PUBLIC WAR HOUSING PROGRAM

In order to sustain the defense production program, the Congress during 1940 enacted the following legislation authorizing the provision of housing for defense workers: The Second Supplemental National Defense Appropriation Act, 1941, Public Law 781, approved September 9, 1940; and the Lanham Act, Public Law 849, approved October 14, 1940. Subsequently, authorizations and appropriations for temporary shelter for defense workers and in-migrant war workers were provided by Public Laws 9, 73, 140, 375, and 353. These acts provided for financing the required emergency housing entirely from Federal funds in localities in which an acute shortage of housing existed or impended and where such housing would not be provided by private capital.

Titles I and IV of the Lanham Act, as amended, authorized \$1,515,000,000 for the development of war housing, and additional authorizations of \$320,000,000 were made under Public Law 9, as amended. As of June 30, 1946, allotments amounting to \$1,560,000,000 had been made to the Federal Public Housing Authority from appropriations under these authorizations.

Section 303 of the Lanham Act, as amended, authorized the use of income derived from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a \$25,000,000 reserve for expenses in connection with the disposition operations of projects constructed with Lanham Act funds. This

reserve has been established from the net income from project operations and sales proceeds from the disposition of terminated war housing. Of this reserve \$24,000,000 has been allocated to this program and \$1,000,000 to the homes conversion program.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$37, 440, 924	\$52, 142, 470
Expenses.....	55, 291, 200	50, 210, 200
Retirement of borrowings and capital.....	33, 441, 970	74, 824, 332
Increase in working capital.....	26, 109, 242	
Total funds applied.....	152, 283, 336	177, 177, 002
Funds provided:		
Realization of assets.....	71, 065, 636	109, 841, 830
Revenues.....	81, 217, 700	65, 669, 800
Decrease in working capital.....		1, 665, 372
Total funds provided.....	152, 283, 336	177, 177, 002

Project revenues are estimated in gross for 1948 at \$65,669,800, which amount is partly offset by \$23,797,800 estimated as direct operating expenses of the projects.

The committee feels that the policies and methods which have been followed by FPHA in disposing of war housing, and especially sales of such housing to mutual ownership groups, are not in the public interest. Legislation is now pending (H. R. 3492) to transfer the entire function of disposing of this housing to another Government agency. The committee endorses the provisions of H. R. 3492 and urges that it be enacted by the Congress at the earliest possible date.

HOMES CONVERSION PROGRAM

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, and concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately \$90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of \$25,000,000 so authorized, \$1,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to

return to the Treasury a substantial portion of the Government's initial outlay.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$304, 164	\$201, 300
Expenses.....	15, 923, 500	10, 860, 400
Retirement of borrowings and capital.....	9, 242, 882	10, 263, 694
Increase in working capital.....	579, 754	
Total funds applied.....	26, 050, 300	21, 325, 394
Funds provided:		
Realization of assets.....	4, 746, 800	6, 585, 600
Revenue.....	21, 303, 500	14, 441, 300
Decrease in working capital.....		298, 494
Total funds provided.....	26, 050, 300	21, 325, 394

At the end of the fiscal year 1946 there were 48,296 housing units under management and this figure will probably be reduced to 21,352 at the end of fiscal year 1948.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases as rapidly as possible, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

It is estimated that from revenue receipts and operating balances \$10,263,694 from fiscal year 1947 operations will be returned to the Treasury in 1948, and \$9,242,530 from 1948 operations should be returned in 1949.

VETERANS' RE-USE HOUSING PROGRAM

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, created severe hardship for veterans and their families unable to obtain shelter. It also caused distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and nonprofit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without

reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945, and for those local bodies desiring to develop their entire projects.

On December 28, 1945, the Congress appropriated \$191,900,000 to the National Housing Agency to carry out the purposes of title V and supplemented this by an additional appropriation of \$253,727,000 on April 22, 1946, making a total of \$445,627,000. A total of \$436,697,814 is to be transferred to the Federal Public Housing Authority to provide temporary dwellings for veterans.

It is hoped to provide through Federal financing and within the available funds, approximately 180,800 temporary dwelling accommodations through the re-use of federally owned structures. About 9,600 accommodations were provided by local bodies, which undertook removal and reuse prior to the appropriation of funds for this program and the local bodies will be reimbursed. Local bodies desiring to develop their entire programs on a reimbursable basis are expected to provide approximately 700 accommodations. The balance of 170,500 federally financed accommodations are being developed by the Federal Public Housing Authority under contracts with local bodies.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$390,360,101	\$31,697,576
Expenses.....	796,700	937,400
Total funds applied.....	391,156,801	32,634,976
Funds provided:		
Revenue.....	8,345,000	11,586,000
Appropriations.....	10,570,814	
Decrease in working capital.....	372,240,987	21,048,976
Total funds provided.....	391,156,801	32,634,976

After giving effect to anticipated project net income, projected operations result in net program losses amounting to \$360,645,142 and \$54,340,626 respectively for the fiscal years 1947 and 1948. The bulk of the direct program costs are incurred during the fiscal year 1947. Project costs are carried on the books of account as assets until title to the projects is transferred to the local bodies, at which time the assets are written off and the loss is recorded.

Completion of the program has been seriously retarded by shortages of the materials and equipment required to place the re-used structures in livable condition. Costs have risen substantially over original estimates as the result of: (1) Inability to secure the contemplated number of surplus temporary war housing structures, because of continued high occupancy, thus leading to a greater use of surplus military structures, (2) delays in delivery of materials and equipment and lack of adequate labor supply, and (3) increase in labor rates and in costs of materials and equipment.

DEFENSE HOMES CORPORATION

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation is expected to have accomplished total liquidation of its assets by June 30, 1947. The Federal Public Housing Authority informed the committee that the Corporation would probably return to the Treasury as profits from operations and disposition of assets an amount in excess of \$5,000,000. However, the committee has been informed that sales of some of the larger housing units of the Corporation were not made for cash, but on the basis of the Corporation's receiving a relatively small cash payment and notes covered by purchase money mortgages. These notes extend for many years, and in view of the type of construction involved it is felt that any computation of profits should be deferred until the notes are paid or sold. Inasmuch as the Corporation owes a substantial sum in the form of notes to the Reconstruction Finance Corporation, and since the Reconstruction Finance as principal creditor has a claim against the assets of the Corporation, the committee has provided in the bill that all the capital stock of the Defense Homes Corporation shall be transferred to the Reconstruction Finance Corporation. Provision has also been made for the transfer to the RFC of all assets, liabilities, and records of the Corporation. The RFC is to have full charge of the liquidation, including selection of personnel to be used for that purpose. This should result in the taxpayers getting an accurate picture of the net results of the Defense Homes Corporation when it is completely liquidated.

Instead of the budget estimate of \$12,300 for administrative expenses in 1948, the committee has provided an amount not to exceed \$3,000 which is to be available for payment of terminal leave only.

UNITED STATES HOUSING ACT PROGRAM

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412 to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the Authority to make loans to local public housing agencies to aid in financing slum clearance and the development of low-rent housing projects. To bring rents in the completed dwellings within financial reach of families in the lowest income groups, the Authority was empowered to make limited annual contributions, provided that the community would also make contributions toward the operation of the projects.

An important amendment to this act was added by Public Law 671, approved June 28, 1940. Under this amendment the unused portion of the borrowing authorization provided in the United States Housing

Act of 1937 was made available for the construction of permanent housing to be used primarily for housing war workers for the duration of the war. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay prevailing rents for comparable accommodations. On a Presidential finding that such projects are no longer needed for housing war workers, however, the projects are required to be converted to low-rent use. Most of these projects have already received Presidential approval for conversion. As private housing becomes available for occupants whose incomes exceed the maximum allowable for tenants in low-rent projects, these occupants will be replaced by low-income families. These projects will then be on a basis of operation comparable to that of Public Law 412 projects.

An addition to the locally owned low-rent program is possible through the sale of federally owned permanent war-housing projects developed under the Lanham Act, Public Law 849, approved October 14, 1940. The Lanham Act requires the disposition of all war-housing projects but permits transfers for low-rent use only when specifically authorized by Congress. In keeping with this provision of the act, it is the intention of the Federal Public Housing Authority to request authority of Congress for such transfers in those cases in which a community, through its local housing authority, desires to take over a project suitable for low-rent housing and the local government approves and supports the request.

Besides the locally owned projects which constitute the greater part of the low-rent program, the Federal Public Housing Authority has under management some federally owned projects. The main group of federally owned housing projects consists of those developed by the Public Works Administration Housing Division, which were subsequently transferred to the Authority by the President under a provision of the United States Housing Act. This transfer was effected under Executive Order 7732, dated October 27, 1937. The Public Works Administration projects were constructed by the Federal Government with appropriated funds, and consequently the capital cost of these projects is not repayable. They are operated in the same manner as locally owned low-rent projects, except that they are not eligible for annual contribution subsidies nor are any necessary since no debt service is required.

Another group of federally owned housing projects consists of Public Law 412 projects in Ohio. The Federal Government had to take title to these projects as a result of a decision by the Ohio Supreme Court, which denied tax exemption and eliminated the local contributions required under the United States Housing Act. These projects will return to local ownership when State legislative action is taken to permit their operation in accordance with the Housing Act.

Federally owned projects also include a small group of Public Law 671 projects. In order to expedite construction of housing urgently needed during the war, it was necessary for the Federal Government to engage in some direct construction under Public Law 671. These projects will be sold to local housing authorities for low-rent use, but it is not possible to finance the sale of the entire group of projects because of the legislative limitation on the amount of annual contributions that may be committed. As long as the Public Law 412 Ohio projects and the Public Law 671 projects remain under Federal ownership, they are not eligible for annual contributions.

The Authority was created as a "body corporate of perpetual duration" with \$1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act, as amended, provides a borrowing and a lending power amounting to \$800,000,000 and limits the total annual contributions for which the Authority may contract to a maximum of \$28,000,000 per year. Funds borrowed by the Federal Public Housing Authority under Public Law 412 were to be used for loans to local housing authorities covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of the development cost or direct construction by the Federal Government.

By June 30, 1946, the Authority had borrowed \$398,000,000, of which \$38,000,000 had been repaid, leaving \$360,000,000 outstanding. Long-term loans of \$348,097,000 had been made to local housing authorities, of which \$71,045,000 had been repaid by refunding operations and \$1,408,000 by advance repayments. Another \$2,507,217 was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1946, amounted to \$278,151,217. An amount of \$41,120,540 had been used for direct Federal Public Housing Authority construction of war-housing projects under Public Law 671. From private sources local housing authorities had obtained \$376,990,000. This amount is made up of \$147,594,000 in bonds and \$229,396,000 in temporary loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary. The total paid-in capital of \$195,596,284, as of June 30, 1946, consists of capital stock amounting to \$1,000,000, funds and property transferred from the Public Works Administration Housing Division amounting to \$140,746,284, and cumulative appropriations for the payment of annual contributions on low-rent projects in an amount of \$53,850,000.

The major activities under the United States Housing Act program may be divided into two groups: (a) Those connected with the development and capital financing of low-rent projects; and (b) those concerned with the management of projects and the payment of subsidies in the form of annual contributions.

DEVELOPMENT AND CAPITAL FINANCING OPERATIONS

Locally owned project—Public Laws 412 and 671.—Under the United States Housing Act, low-rent-housing activities are primarily a subject for local determination and control, the role of the Federal Government being limited chiefly to providing technical and financial assistance. Accordingly, title to locally owned projects and primary responsibility for their operation rests with local housing authorities established under the laws of the political subdivisions in which they are located.

Federal assistance can be provided only under conditions prescribed by the United States Housing Act. The local housing authority is required to establish that the locality has a real need for public low-rent housing; ascertain that at least 10 percent of the development cost can be financed from private capital; provide, by tax exemption, a local subsidy equal to at least one-fifth of the annual contribution to be provided by the Federal Public Housing Authority; assure the elimination of one slum unit for every new dwelling unit built; observe

statutory dwelling cost limitations; and provide for an economical system of management operations. The local authority must also select and acquire a suitable site, secure proper zoning, prepare site and architectural plans, award the construction contract to the lowest responsible bidder, and supervise and inspect construction.

In furnishing technical and financial assistance, the Federal Public Housing Authority is responsible for reviewing and inspecting the operations of local authorities to assure compliance with the act. The Authority exercises this responsibility by enforcing the provisions of contracts under which it provides loans and agrees to pay annual contributions. The loans to local authorities bear interest at the rate of one-half of 1 percent above the going Federal rate on long-term bonds. Financial aid in the form of short-term loans is made available to local authorities during the early phases of project development. Permanent financing, which normally occurs after construction is approximately 75 percent complete, is accomplished by the sale of two types of bonds—A bonds sold to private investors on the basis of competitive bids and B bonds sold to the Federal Public Housing Authority for the balance of the development cost. The entire loan and annual contribution authorizations provided in the act have been committed, but actual construction of a number of projects was deferred because of the war.

Approximately 90 percent of the short-term financing requirements during fiscal years 1947 and 1948 will be supplied by private investors at lower interest rates than the Federal Public Housing Authority is required by law to charge. The Authority's participation in short-term financing is estimated to be \$2,396,750 in fiscal year 1947 and \$3,568,250 in fiscal year 1948.

Refinancing of Public Law 412 projects now permanently financed will have a net effect of reducing the Federal Public Housing Authority's B bond holdings by \$21,610,000 in fiscal year 1947 and \$2,200,000 in fiscal year 1948. Net refunding operations are expected to decline to \$2,200,000 during fiscal year 1948 since the Authority's efforts, insofar as permanent financing operations are concerned, will be directed toward the permanent financing of Public Law 671 projects. By June 30, 1948, it is anticipated that all the Public Law 671 projects with fiscal years beginning October 1 and January 1 will be permanently financed and also 75 percent of those with fiscal years beginning April 1 and July 1. This will result in the purchase of \$5,256,000 of B bonds during fiscal year 1947 and \$15,036,000 in fiscal year 1948. Emergency corrections of war-caused construction deficiencies will also necessitate the purchase of an estimated \$300,000 of B bonds during fiscal year 1947 and \$300,000 during fiscal year 1948. It is estimated, further, that there will be permanent financing of re-activated projects in fiscal year 1948 which will result in the purchase of \$176,000 of B bonds.

The net effect of all anticipated transactions in B bonds will be a decrease of \$16,054,000 as of June 30, 1947, and an increase of \$13,312,000 as of June 30, 1948.

Federally owned projects.—No new direct development by the Federal Public Housing Authority is contemplated, but there will be an estimated expenditure of funds amounting to \$3,575,782 in fiscal year 1947 and \$1,437,492 in fiscal year 1948 for the liquidation of outstanding obligations, for final contract settlements, and for emergency corrections of war-caused deficiencies.

MANAGEMENT OPERATIONS

Locally owned projects—Public Laws 412 and 671.—As in the case of development operations, the local housing authority is required in the management of these projects to observe certain rules which are concerned with the eligibility of tenants, with rent-income ratios, with standards of physical operation and maintenance, and with accounting practices. The Federal Public Housing Authority reviews management operations of the local housing authority and audits its books to assure compliance with these rules.

Low-rent projects owned by local authorities have three sources of income: (a) rental income, (b) a contribution by the local community, and (c) a Federal annual contribution. Rental income of the projects depends upon the rent-paying ability of the tenants, since a system of graded rents varying according to family income is generally used. In normal low-rent operation, the rental income is not sufficient to meet the project expenses, including operating costs, payment of interest, and amortization of capital costs. This deficit is met by the local and Federal contributions. The contribution by the local community is in the form of tax remission or exemption and represents the difference between full normal taxes and the actual payment in lieu of taxes made by the project. The remainder of the deficit is met by the Federal Government, with the limitation that the local contribution must be at least 20 percent of the Federal contribution and the limitation that the Federal contribution may not exceed the maximum contribution set in the contract for financial aid. In all cases the maximum Federal contribution that may be paid is an amount equal to the yield at the going Federal rate of interest at the time the contract is made plus 1 percent upon the total development cost of the project.

The Federal annual contribution actually paid equals the operating deficit of a project, after giving effect to the local subsidy. The operating deficit is determined by subtracting the total income from the total expenses. Total expenses consist of operating expenses; amounts reserved in the period for repairs, maintenance, and replacements, and for vacancy and collection losses; and the amounts expended for debt service and payments in lieu of taxes.

Thus an increase in the amount of operating expenses and other items that are deducted from rental income of and local contributions to local housing projects, results in a proportional increase in the amount of contributions which the Federal Government is expected to pay to maintain their low-rent character.

It has been ascertained that there is some laxity in checking on the income of tenants in low-rent projects. (See pp. 314-316 of part 2 of the hearings.) Failure to assess every tenant the amount of rent he should pay based on his current income results in raising the amount of the Federal contribution. A large amount of impounded liquid funds is being held by the authorities of local housing projects as reserves which have been built up and continue to increase as charges to operating expenses, thereby increasing the Federal contribution. These reserves aggregate at least \$40,000,000. The various categories are working capital reserve, reserve for repairs, maintenance, and replacements, reserve for vacancy and collection losses, debt service reserve, reserve for working capital, reserve for operating improvements, and reserve for contingencies. Statements describing these

reserves are to be found beginning on pages 106 and 321 of part 2 of the hearings. While charging these reserves as expenses in permitted under the contracts between FPHA and the various local housing projects, such practice is not expressly authorized by law with respect to locally owned housing projects. Although the general counsel of FPHA has submitted an opinion contending that these reserves are legally authorized (page 266 of pt. 2 of the hearings) the committee feels that such policy is of doubtful legality. In any event the committee cannot subscribe to the payment of full contributions to local projects holding reserves which are beyond all proportion to the financial requirements for maintaining their low-rent character. Accordingly, a limitation has been imposed upon the appropriation for the payment of contributions in the fiscal year 1948, requiring that no contribution shall be paid to a local project unless the amount otherwise due or payable is reduced by one-half the amount of reserves outstanding on its books. Also, the budget estimate of \$7,200,000 for the appropriation for payment of Federal contributions has been reduced by the committee to \$2,200,000. The committee recommends that the proper legislative committee undertake a thorough study and review of this entire reserve policy with a view to recommending any legislation which may be necessary to enforce the intent of the Congress in this matter.

Another policy of the FPHA permits local housing projects to make voluntary payments in lieu of taxes in excess of the rate specified in its contract up to 10 percent of what is designated as shelter-rent. This practice, the committee feels to be of doubtful propriety and legality, and it has been provided in the bill that the funds appropriated for contributions cannot be used for payments to local projects making payments in lieu of taxes in excess of the rate specified in the original contract with FPHA. Information regarding payments in lieu of taxes is to be found beginning on pages 202, 232, 252, and 317 of part 2 of the hearings.

Owing to the doubtful legality of the afore-mentioned practices, the committee has imposed a further provision on the funds appropriated for contributions to local housing projects whereby all payments of such funds are subject to audit and final settlement by the Comptroller General of the United States. Heretofore the Comptroller General has not had such power with respect to these contributions and could not hold up payments of doubtful propriety. Any question as to the legality of such payments will now be resolved by the Comptroller General.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$14,398,532	\$21,093,742
Expenses.....	14,489,678	17,408,444
Retirements of borrowing and capital.....	20,000,000	4,905,019
Total funds applied.....	48,888,210	43,407,205
Funds provided:		
Realization of assets.....	24,853,700	4,718,900
Revenues.....	13,184,773	12,367,274
Borrowings and appropriations.....	8,300,000	23,300,000
Decrease in working capital.....	2,549,737	3,021,031
Total funds provided.....	48,888,210	43,407,205

SUBSISTENCE HOMESTEAD AND GREENTOWNS PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachment by a Greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. Through June 30, 1946, 1 project of 50 units and 3 individual units had been declared surplus. In addition, 738 individual unit sales had been negotiated. As of July 1, 1946, 14 subsistence homestead projects and 3 greenbelt towns were under direct operation by the Federal Public Housing Authority.

Development of this program was financed from appropriated funds, and assets representing \$65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Expenses.....	\$1, 613, 200	\$1, 476, 100
Retirement of borrowings and capital.....	3, 202, 728	1, 686, 224
Total funds applied.....	4, 815, 928	3, 162, 324
Funds provided:		
Realization of assets.....	1, 794, 800	1, 590, 781
Revenue.....	1, 749, 805	1, 490, 450
Decrease in working capital.....	1, 271, 323	81, 093
Total funds provided.....	4, 815, 928	3, 162, 224

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration. Projects are being sold either as units to individual tenants or in their entirety to tenant homestead associations depending on whether or not maintenance and operation of community facilities is involved. Sales prices are being determined in conformity with commitments made by the agency of the Federal Government which originally had jurisdiction over these projects; or, in the absence of such commitments, are being based on the fair market value of the property. The terms of the sale provide for repayment of the purchase price over a period not to exceed 40 years, with interest at 3 percent. Advance repayments of the principal are being encouraged. Schools, streets, and other public ways will, where appropriate, be dedicated to local governments. Utility installations and community, commercial, and service facilities now owned by the Federal Government will be disposed of in a manner to assure their continued operation. Land and other properties held in connection with the program and not otherwise being disposed of will be declared surplus to the War Assets Administration as rapidly as possible.

As of June 30, 1946, 3 projects of 605 units had been disposed of, while other projects had been partially disposed of to the extent of 136 units. During fiscal year 1946, lease-purchase contracts were executed for 138 individual units, and 1 project of 50 units, made untenable by floods, was declared surplus. During the fiscal year 1947, it is anticipated that lease and purchase contracts will have been executed for 203 units, and 516 units will have been sold. Lease and purchase contracts will be executed for 317 units during the fiscal year 1948, and 46 units will be sold. Dedication of community facilities and public ways is expected to be completed during the fiscal year 1947.

No disposition of housing units of the greentowns is contemplated by the Federal Public Housing Authority during the fiscal year 1948. The committee recommends that the appropriate legislative committee give consideration to reviewing the status of these towns and to possible transfer of the duty of their disposal to another Government agency.

DEPARTMENT OF AGRICULTURE

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the

fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) to provide funds for making loans to farmers by the land bank commissioner; (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency; and (3) to make loans to joint stock land banks. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time \$2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States. Public Law 505, of July 12, 1946, extended the lending authority of the Corporation to July 1, 1947. New loans to farmers will not be made during the fiscal year 1948 unless the lending authority of the Land Bank Commissioner is extended beyond July 1, 1947 by legislation. It is expected that the activities of the Corporation in 1948 will be restricted to a program of liquidation.

*Condensed statement of sources and application of funds for the fiscal years
1947 and 1948*

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$16, 187, 800	\$25, 413, 900
Expenses.....	4, 661, 800	3, 303, 800
Retirement of borrowings and capital.....	53, 214, 400	10, 490, 000
Increase in working capital.....		3, 224, 900
Total funds applied.....	74, 064, 000	42, 432, 600
Funds provided:		
Realization of assets.....	62, 236, 700	36, 262, 300
Revenues.....	8, 150, 200	6, 170, 300
Decrease in working capital.....	3, 677, 100	
Total funds provided.....	74, 064, 000	42, 432, 600

Although no new loans to farmers are contemplated in 1948, it may be necessary for the Corporation to refinance some loans closed in the name of the Land Bank Commissioner prior to July 1, 1947. Such contingencies are not provided for in the 1948 budget.

The earned surplus of the Corporation as of July 1, 1947 is estimated to be \$102,649,340.

Administrative expenses for the fiscal year 1948 were estimated at \$3,235,000. This has been reduced by the committee to \$2,750,000.

FEDERAL INTERMEDIATE-CREDIT BANKS

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate-credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employees, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1946, totaled \$92,376,317. It is expected that this figure will reach \$94,286,617 by June 30, 1948.

During the year ended June 30, 1946, the banks made loans and discounted paper amounting to \$909,298,726 and received repayments of \$877,273,257. For 1947, lending activities are estimated at \$961,574,100, with repayments of \$922,926,900, and for 1948 at \$1,007,341,700, with repayments of \$985,485,800.

As of June 30, 1946, the banks had outstanding unmatured debentures and notes amounting to \$310,895,000 and it is anticipated that these obligations will total \$378,112,000 by June 30, 1948.

*Condensed statement of sources and application of funds for the fiscal years
1947 and 1948*

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$969,312,600	\$1,016,341,700
Expenses.....	4,775,400	5,299,500
Retirement of borrowings and distribution of surplus.....	577,325,600	673,536,600
Increase in working capital.....	7,339,400	1,640,900
Total funds applied.....	1,558,753,000	1,696,818,700
Funds provided:		
Realization of assets.....	930,665,500	994,845,800
Revenues.....	6,004,500	6,396,900
Borrowings.....	622,083,000	695,576,000
Total funds provided.....	1,558,753,000	1,696,818,700

Administrative expenses for the fiscal year 1948 were estimated at \$1,755,000. This amount has been reduced by the committee to \$1,250,000.

PRODUCTION-CREDIT CORPORATIONS

The 12 production-credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production-credit system was an outgrowth of various efforts to cure long-standing weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production-credit associa-

tions. The active associations, of which there were 505 on June 30, 1946, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of \$7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of \$120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full \$120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1946, the surplus of all the corporations aggregated \$15,558,370, or 15.4 percent of their paid-in capital. This surplus not only safeguards the paid-in capital against impairment but directly influences the amount of paid-in capital required.

Pursuant to the policy of retiring the capital stock of corporations to the extent feasible, repayments were made to the revolving fund in the United States Treasury in the sum of \$5,000,000 in April 1944, \$6,700,000 in April 1945, and \$7,050,000 in May 1946. On June 30, 1946, the aggregate paid-in capital of the corporations was \$101,250,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure.

Because of the anticipated continued improvement in the financial condition of the production credit associations through 1948, it is estimated that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from \$95,950,000 to \$91,150,000 and thereby return \$4,800,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	\$8,558,500	\$7,876,700
Expenses	1,650,000	1,702,000
Retirement of capital	5,300,000	4,800,000
Total funds applied	15,508,500	14,378,700
Funds provided:		
Realization of assets	13,676,700	12,478,300
Revenues	1,806,800	1,792,300
Decrease in working capital	25,000	108,100
Total funds provided	15,508,500	14,378,700

The local associations have used accumulated reserves to reduce materially the investment of production credit corporations in their capital stock. As of January 1, 1947, 12 production credit associations, having \$50,000 or less of their stock owned by production credit corporations, had fully returned such investment. The rapidity with which the total investment of this nature can be eliminated is affected by the volume of farmers' income generally. The estimate of \$1,702,000 for administrative expenses in 1948 has been reduced by the committee to \$1,600,000.

REGIONAL AGRICULTURAL CREDIT CORPORATION

Following an extreme credit stringency during 1930-31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural credit corporation in any Federal-land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal-land-bank district were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from \$44,500,000 in 1933 to \$100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of \$22,000,000, consisting of various amounts paid in by the United States. There is a current deficit of approximately \$7,700,000.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,766,000	\$1,685,000
Expenses.....	341,500	300,200
Increase in working capital.....	834,673	-----
Total funds applied.....	2,942,173	1,985,200

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948—Continued

	1947, estimated	1948, estimated
Funds provided:		
Realization of assets.....	\$2,491,773	\$1,612,000
Revenues.....	118,400	88,300
Capital and surplus subscriptions.....	332,000	-----
Decrease in working capital.....		284,900
Total funds provided.....	2,942,173	1,985,200

Administrative expenses, estimated in the budget program at \$300,000, for 1948 have been reduced to \$200,000 by the committee.

DEPARTMENT OF STATE

OFFICE OF INTER-AMERICAN AFFAIRS

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Prior to the fiscal year 1947, funds were provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1948 budgets represent depletion of capital.

Only two of the corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, will be operating actively in 1948 and the programs of both will be completed during the fiscal year 1949.

The committee has approved the budget estimate of funds to be appropriated for 1948, amounting to \$7,000,000 for the Institute of Inter-American Affairs and \$1,115,000 for the Inter-American Educational Foundation, which funds are for the payment of obligations authorized by law. Administrative expenses have been reduced from the estimate of \$788,000 to \$550,000 for the Institute of Inter-American Affairs. The estimate of \$400,000 for administrative expenses of the Inter-American Educational Foundation, Inc., has been reduced to \$250,000 in the bill.

The Institute of Inter-American Transportation and Prencinradio, Inc. are presently in the process of dissolution. The committee has provided that under the head of administrative expenses funds shall be available only for payment of terminal leave. Provision has also been made that such administrative duties and responsibilities as may be necessary during the course of dissolution are to be assumed by such officers and employees of the Department of State as the Secretary of State may designate and that such persons are not to be paid salaries additional to their departmental pay. A provision has also been included in the bill directing that final dissolution and liquidation of these Corporations is to be carried out as rapidly as practicable.

The Inter-American Navigation Corporation is completely liquidated.

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948

INSTITUTE OF INTER-AMERICAN AFFAIRS

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,557	\$342
Expenses.....	9,118,516	6,929,252
Increase in working capital.....		245,406
Total funds applied.....	9,120,073	7,175,000
Funds provided:		
Contributions and reimbursable operations.....	363,927	175,000
Appropriations.....	3,736,892	7,000,000
Decrease in working capital.....	5,019,254	
Total funds provided.....	9,120,073	7,175,000

INTER-AMERICAN EDUCATIONAL FOUNDATION, INC.

Funds applied:		
Acquisition of assets.....	\$33,600	\$9,600
Expenses.....	1,913,191	1,665,730
Total funds applied.....	1,946,791	1,575,330
Funds provided:		
Contributions from other American Republics.....	170,769	141,338
Appropriations.....	1,083,577	1,115,000
Decrease in working capital.....	692,445	318,992
Total funds provided.....	1,946,791	1,575,330

INSTITUTE OF INTER-AMERICAN TRANSPORTATION

Funds applied:		
Acquisition of assets.....	\$300	\$100
Expenses.....	290,046	15,700
Retirement of borrowings and capital.....	200,000	
Total funds applied.....	490,346	15,800
Funds provided:		
Realization of assets.....	5,583	
Decrease in working capital.....	484,763	15,800
Total funds applied.....	490,346	15,800

PRENCINRADIO, INC.

Funds applied:		
Expenses.....	\$30,464	\$21,487
Retirement of borrowings and capital.....	88,125	
Total funds applied.....	118,589	21,487
Funds provided:		
Realization of assets.....	87,125	16,786
Revenue.....	1,460	176
Decrease in working capital.....	30,004	4,525
Total funds provided.....	118,589	21,487

AMENDMENT OF SECTION 104 OF THE GOVERNMENT CORPORATION CONTROL ACT

Section 104 of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads:

SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations.

In reporting H. R. 3660, which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement (H. Rept. 856, 79th Cong., p. 12) in explaining the procedure to be followed under section 104:

It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government.

The Senate committee in reporting the same bill after its passage by the House (S. Rept. 694, 79th Cong., p. 5) made the following statement:

The Congress will consider these budget programs and enact legislation making available such funds or other financial resources, with such directives and limitations, as it may deem necessary. In this manner Congress will for the first time have a systematic procedure for annually scrutinizing and passing upon the budgets of the Government corporations as it now does for the regular agencies of the Government.

The language of section 104, as it has been interpreted, leaves substantial doubt of the authority of the Committee on Appropriations to report to the House limitations on the activities and programs of the Government corporations, so the committee has included in the bill, for consideration by the House, a redraft of section 104 which will clarify the situation and put the Congress, in consideration of the annual budgets of the corporations, in position to place such limitations on the use of corporate funds as may be necessary to carry out the will of the Congress. It is not the committee's purpose or desire to go beyond the intention of the committees which wrote the original legislation as expressed in their reports quoted above. The committee does believe, however, that in view of interpretations which have been placed on section 104, it is necessary to amend the section if it is to give effect to the intention of the act. Consideration of two annual budgets of the corporations brings the Committee on Appropriations to the conclusion that an annual review of the fiscal activities of the corporations is just as important as an annual review

of the fiscal activities of administrative agencies. To clothe a Government corporation with broad powers extending over a long period of years is to place that corporation in position to carry on activities to a degree and in a manner not consonant with the general condition of the Federal finances and which may be entirely out of tune with the policies of the Congress. The Congress is the policy-making branch of the Government and, as such, cannot delegate that power unrestricted over a long period of time without surrendering an important function necessary to be retained if the Congress is to give the kind of attention to the people's business which the Constitution contemplates.

The Federal Treasury is no bottomless pit, and the present staggering debt, \$258,000,000,000, makes it imperative that the Congress keep within its immediate control on a year-to-year basis all possible drains on the Treasury. To distinguish between administrative agencies for which direct appropriations are made annually and the corporations which are said to operate on their own funds but which in reality acquire those funds by drawing on the Treasury of the United States and to permit such corporations to draw on the public purse ad libitum is, in the judgment of the committee, somewhat illogical. A Government corporation is a Government agency, and if Government agencies should be restricted in their use of Federal funds, then the corporations cannot be left out of control.

MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

The requirements of the Government Corporations Control Act for the submission of annual budgets are applicable to wholly owned Government corporations only. There are certain of the so-called mixed-ownership Government corporations (that is, corporations the stock of which is partially owned by the Government and partially owned by other interests) which, in the judgment of the committee should be subjected to the same degree of control as the wholly owned Government corporations. The Government's financial stake in them is such that to leave them free of this control is to leave a large segment of the Government's business interests (which could result in heavy drains on the public purse) without the close supervision of the Congress which can only be obtained through annual budget review.

Therefore the committee has included, as section 308 of the bill, an amendment to section 101 of the Government Corporations Control Act to provide for the submission of annual budgets by (1) the Central Bank for Cooperatives and the Regional Banks for Cooperatives, (2) Federal Home Loan banks, and (3) the Federal Deposit Insurance Corporation.

Comparison of appropriations for 1947, estimates for 1948, and amounts carried in the bill for 1948

Agency	Appropriations, 1947	Budget estimates, 1948	Recommended in bill, 1948	Increase (+) or decrease (-), bill compared with 1947 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1948
Tennessee Valley Authority-----	\$39,906,000	¹ \$27,057,500	\$22,143,500	-\$17,762,500	-\$4,914,000
Housing Expediter-----	² \$ 6,457,500	7,765,000	3,539,080	-2,918,420	-4,225,920
National Housing Agency:					
Office of the Administrator-----	(³ 5)	(⁴)	100,000	+100,000	+100,000
Federal Public Housing Authority-----	8,300,000	7,200,000	2,200,000	-6,100,000	-5,000,000
Department of State:					
Institute of Inter-American Affairs-----	3,456,710	7,000,000	7,000,000	+3,543,290	-----
Inter-American Educational Foundation, Inc.-----	1,083,577	1,115,000	1,115,000	+31,423	-----
Total-----	59,203,787	50,137,500	36,097,580	-23,106,207	-14,039,920

¹ Exclusive of \$15,552,654 unexpended balance of 1947 appropriation continued available in 1948.

² Received by transfer from "Salaries and expenses, Office of the Administrator and Expediter, National Housing Agency."

³ Salaries and expenses in 1947 were obtained by transfer from constituent units of the National Housing Agency, in estimated amount of \$745,500.

⁴ Budget contemplated transfer of salaries and expenses from constituent units of National Housing Agency in estimated amount of \$1,215,000.

⁵ Represents 5½ months from Jan. 11, 1947 (the effective date of Executive Order 9820), to June 30, 1947.

ADMINISTRATIVE EXPENSES

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Export-Import Bank-----	\$780, 000	\$842, 000	\$800, 000	+\$20, 000	-\$42, 000
Panama Railroad Company-----	760, 000	779, 700	750, 000	-10, 000	-29, 700
Tennessee Valley Association Co-ops-----	2, 500	2, 500	1 2, 500	-----	-----
National Housing Agency:					
Federal Home Loan Bank Administration-----	1, 641, 000	1, 965, 000	1, 250, 000	-391, 000	-715, 000
Federal Savings and Loan Insurance Corporation-----	550, 000	670, 000	532, 000	-18, 000	-138, 000
Home Owners' Loan Corporation-----	4, 650, 000	3, 723, 000	3, 000, 000	-1, 650, 000	-723, 000
Federal Housing Administration-----	17, 624, 000	24, 000, 000	17, 624, 000	-----	-6, 376, 000
Federal Public Housing Authority-----	19, 900, 000	15, 600, 000	10, 400, 000	-9, 500, 000	-5, 200, 000
Defense Homes Corporation-----	106, 400	12, 300	2 3, 000	-103, 400	-9, 300

¹ For administrative expenses related to liquidation.² For payment of terminal leave only.

ADMINISTRATIVE EXPENSES—Continued

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Department of Agriculture:					
Federal Farm Mortgage Corporation-----	\$4,050,000	\$3,235,000	\$2,750,000	—\$1,300,000	—\$485,000
Intermediate credit banks-----	1,585,000	1,755,000	1,250,000	—335,000	—505,000
Production credit corporations-----	1,650,000	1,702,000	1,600,000	—50,000	—102,000
Regional Agricultural Credit Corporation-----	341,000	300,000	200,000	—141,000	—100,000
Department of Commerce:					
Inland Waterways Corporation-----	640,000	418,100	418,100	—221,900	-----
Warrior River Terminal Company-----	20,200	20,100	20,100	—100	-----
Department of the Interior: Virgin Islands Company-----	20,000	20,000	20,000	-----	-----
Department of Justice: Federal Prison Industries Inc.-----	268,826	240,000	225,000	—43,826	—15,000
Department of State:					
Institute of Inter-American Affairs-----	774,400	788,000	550,000	—224,400	—238,000
Institute of Inter-American Transportation-----	50,500	15,700	23,000	—47,500	—12,700
Inter-American Educational Foundation-----	365,000	350,000	250,000	—115,000	—100,000
Prencinradio, Inc.-----	11,000	8,850	22,000	—9,000	—6,850
Total-----	55,789,826	53,447,250	41,649,700	—14,140,126	—14,797,550

NOTICE: This bill is given out subject to release when consideration of it has been completed by the Whole Committee. Please check on such action before release in order to be advised of any changes.

[FULL COMMITTEE PRINT]

Union Calendar No.

80TH CONGRESS
1ST SESSION

H. R. 3756

[Report No. 544]

IN THE HOUSE OF REPRESENTATIVES

JUNE , 1947

Mr. JENSEN, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1948, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including not to exceed \$13,000,000 for the construction of South Holston Dam and Watauga Dam and including not to exceed \$6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of two hundred and twenty-one and hire of passenger motor vehicles; penalty mail (not to exceed \$20,000) ; \$22,143,500, together with the unexpended balance of funds heretofore appropriated (the unobligated portion of such unexpended balance to be expended only for public works commenced prior to July 1, 1947), to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations.

HOUSING EXPEDITER

Salaries and expenses, Housing Expediter: For all expenses, including penalty-mail costs, necessary to the liquidation of the Office of the Housing Expediter, which liquidation shall be completed by June 30, 1948, \$3,539,080, of which \$1,900,000 shall be available exclusively for terminal leave.

1 NATIONAL HOUSING AGENCY

2 OFFICE OF THE ADMINISTRATOR

3 Salaries and expenses, Office of the Administrator,
4 \$100,000, including cost of penalty mail: *Provided*, That
5 the cost of terminal leave of any personnel of the Office of
6 the Administrator shall be paid out of funds available for
7 administrative expenses to the constituent units of the Na-
8 tional Housing Agency: *Provided further*, That, other than
9 for payment of terminal leave, no funds of the constituent
10 units of the National Housing Agency or any other depart-
11 ment or agency of the Government shall be available for
12 the use or expenditure of, or the detail of personnel other
13 than the Administrator, to the Office of the Administrator.

14 FEDERAL PUBLIC HOUSING AUTHORITY

15 Annual contributions: For the payment of annual con-
16 tributions to public housing agencies in accordance with
17 section 10 of the United States Housing Act of 1937, as
18 amended (42 U. S. C. 1410), \$2,200,000: *Provided*, That
19 except for payments required on contracts entered into prior
20 to April 18, 1940, no part of this appropriation shall be
21 available for payment to any public housing agency for
22 expenditure in connection with any low-rent housing project,
23 unless the public housing agency shall have adopted regula-

1 tions prohibiting as a tenant of any such project by rental or
2 occupancy any person other than a citizen of the United
3 States, but such prohibition shall not be applicable in the
4 case of a family of any serviceman or the family of any
5 veteran who has been discharged (other than dishonorable)
6 from, or the family of any serviceman who died in, the
7 armed forces of the United States within four years prior
8 to the date of application for admission to such housing:
9 *Provided further*, That no part of this appropriation shall
10 be used to pay any public housing agency any contribution
11 occasioned by payments in lieu of taxes in excess of the
12 amount specified in the original contract between such agency
13 and the Federal Public Housing Authority: *Provided*
14 *further*, That no part of this appropriation shall be used to
15 pay more than the annual contribution that otherwise
16 would be due or payable with respect to any public housing
17 agency less an amount equal to one-half the total sum shown
18 on the books of such agency as of March 31, 1947, as
19 working capital reserve, reserve for repairs, maintenance and
20 replacements, reserve for vacancy and collection losses, and
21 all other reserves: *Provided further*, That all expenditures
22 of this appropriation shall be subject to audit and final settle-
23 ment by the Comptroller General of the United States under
24 the provisions of the Budget and Accounting Act of 1921,
25 as amended.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$7,000,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of The Institute of Inter-American Affairs.

INTER-AMERICAN EDUCATIONAL FOUNDATION,

INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,115,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of the Inter-American Educational Foundation, Incorporated.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to

1 fiscal year limitations as provided by section 104 of the
2 Government Corporation Control Act, as may be necessary
3 in carrying out the programs set forth in the Budget for the
4 fiscal year 1948 for each such corporation or agency, except
5 as hereinafter provided:

6 INDEPENDENT AGENCIES AND CORPORATIONS

7 Export-Import Bank of Washington: Not to exceed
8 \$800,000 (to be on an accrual basis) of the funds of the
9 Export-Import Bank of Washington shall be available during
10 the fiscal year 1948 for all administrative expenses of the
11 Bank, including not to exceed \$100 for periodicals, \$200 for
12 newspapers, and \$200 for maps; health service program as
13 authorized by the Act of August 8, 1946 (Public Law 658),
14 and not to exceed \$24,000 for temporary services, as author-
15 ized by section 15 of the Act of August 2, 1946 (Public
16 Law 600): *Provided further*, That necessary expenses (in-
17 cluding special services performed on a contract or fee basis,
18 but not including other personal services) in connection with
19 the acquisition, operation, maintenance, improvement, or dis-
20 position of any real or personal property belong to the Bank
21 or in which it has an interest, including expenses of collec-
22 tions of pledged collateral, or the investigation or appraisal
23 of any property in respect to which an application for a loan
24 has been made, shall be considered as nonadministrative
25 expenses for the purposes hereof,

1 Panama Railroad Company: Not to exceed \$750,000
2 (to be computed on an accrual basis) of the funds of the
3 Company shall be available during the fiscal year 1948 for
4 its administrative expenses, including administrative services
5 performed for the Company by other Government agencies,
6 which shall be determined in accordance with the Company's
7 prescribed accounting system in effect on July 1, 1946, and
8 and shall be exclusive of depreciation, payment of claims,
9 contributions to employees retirement system, expenditures
10 which the Company's prescribed accounting system requires
11 to be capitalized or charged to cost of commodities acquired,
12 and expenses in connection with acquisition, construction,
13 operation, maintenance, improvement, protection, and dis-
14 position of facilities and other property belonging to the
15 Company or in which it has an interest.

16 Tennessee Valley Associated Cooperatives, Inc.: Not to
17 exceed \$2,500 shall be available for administrative expenses
18 related to liquidation: *Provided*, That appropriate steps shall
19 be taken to secure the final dissolution and liquidation of
20 the Corporation at the earliest practicable date and such
21 dissolution and liquidation shall be under the supervision
22 and direction of the Secretary of the Treasury.

23 Tennessee Valley Authority: Not later than December
24 31, 1947, and not later than December 31 of each calendar
25 year thereafter, until a total of \$348,239,240 has been paid

1 as herein provided, the board of directors of the Tennessee
2 Valley Authority shall pay from net income derived the
3 immediately preceeding fiscal year from power operations
4 (such net income to be determined by deducting power op-
5 erating expenses, allocated common expense, and interest on
6 funded debt from total power operating revenues) not less
7 than \$2,500,000 of its outstanding bonded indebtedness to
8 the Treasury of the United States exclusive of interest, and
9 not less than 40 per centum of the remainder of such net
10 income into the Treasury of the United States as miscellane-
11 ous receipts. In the ten-year period ending December 31,
12 1957, and in each succeeding ten-year period until the afore-
13 said total of \$348,239,240 shall have been paid, not less
14 than a total of \$87,059,810, including payment of bonded
15 indebtedness exclusive of interest on such bonded indebted-
16 ness, shall be so paid. Total payments hereunder of not
17 less than \$10,500,000 shall be made not later than December
18 31, 1947.

19 Amounts equal to the total of all appropriations herein
20 and hereafter made to the Tennessee Valley Authority for
21 power facilities shall be paid by the board of directors thereof,
22 in addition to the total of \$348,239,240 specified in the
23 foregoing paragraph, to the Treasury of the United States
24 as miscellaneous receipts, such payments to be amortized

1 over a period of not to exceed forty years after the year in
2 which such facilities go into operation.

3 None of the power revenues of the Tennessee Valley Au-
4 thority shall be used for the construction of new power pro-
5 ducing projects (except for replacement purposes) unless
6 and until approved by Act of Congress.

7 NATIONAL HOUSING AGENCY

8 Federal Home Loan Bank Administration: Not to
9 exceed a total of \$1,250,000 to be derived from the special
10 deposit account established under the provisions under the
11 head "Federal Home Loan Bank Administration" in the
12 Independent Offices Appropriation Act, 1944, and from
13 receipts of the Federal Home Loan Bank Administration or
14 the Federal Home Loan Bank Board for the fiscal year 1948
15 and prior fiscal years, shall be available during the fiscal
16 year 1948 for administrative expenses of the Federal Home
17 Loan Bank Administration (Executive Order 9070 of Feb-
18 ruary 24, 1942), including health service program as au-
19 thorized by the Act of August 8, 1946 (Public Law
20 658) : *Provided*, That all necessary expenses in connec-
21 tion with the conservatorship of institutions insured by the
22 Federal Savings and Loan Insurance Corporation and
23 all necessary expenses (including services performed on a

1 contract or fee basis, but not including other personal
2 services) in connection with the handling, including the
3 purchase, sale, and exchange, of securities on behalf of
4 Federal Home Loan banks, and the sale, issuance, and retire-
5 ment of, or payment of interest on, debentures or bonds,
6 under the Federal Home Loan Bank Act, as amended, shall
7 be considered as nonadministrative expenses for the purposes
8 hereof: *Provided further*, That notwithstanding any other
9 provisions of this Act, except for the limitation in amount
10 hereinbefore specified, the administrative expenses and other
11 obligations of the Administration shall be incurred, allowed,
12 and paid in accordance with the provisions of the Federal
13 Home Loan Bank Act of July 22, 1932, as amended (12
14 U. S. C. 1421-1449).

15 Federal Savings and Loan Insurance Corporation: Not
16 to exceed \$532,000 shall be available for administrative ex-
17 penses, including health service program as authorized by
18 the Act of August 8, 1946 (Public Law 658), and the use
19 of services and facilities of the Federal Home Loan banks,
20 Federal Reserve banks, and agencies of the Government,
21 including the Federal Home Loan Bank Administration and
22 the Home Owners' Loan Corporation, which shall be on an
23 accrual basis and shall be exclusive of interest paid, deprecia-
24 tion, properly capitalized expenditures, and expenses in con-
25 nection with liquidation of insured institutions, liquidation

1 or handling of assets of or derived from insured institutions,
2 payment of insurance, and action for or toward the avoidance,
3 termination, or minimizing of losses in the case of specific
4 insured institutions: *Provided*, That notwithstanding any
5 other provisions of this Act, except for the limitation in
6 amount hereinbefore specified, the administrative expenses
7 and other obligations of said Corporation shall be incurred,
8 allowed, and paid in accordance with title IV of the Act of
9 June 27, 1934, as amended (12 U. S. C. 1724-1730).

10 Home Owners' Loan Corporation: Not to exceed
11 \$3,000,000 shall be available for administrative expenses,
12 including health service program as authorized by the Act
13 of August 8, 1946 (Public Law 658), and the use of serv-
14 ices and facilities of the Federal Home Loan banks, Federal
15 Reserve banks, and agencies of the Government, including
16 the Federal Home Loan Bank Administration and the
17 Federal Savings and Loan Insurance Corporation, which
18 shall be on an accrual basis and shall be exclusive of interest
19 paid, depreciation, properly capitalized expenditures, ex-
20 penses (including services performed on a force account,
21 contract, or fee basis, but not including other personal serv-
22 ices) in connection with the acquisition, protection, opera-
23 tion, maintenance, improvement, or disposition of real or
24 personal property belonging to said Corporation or in which
25 it has an interest, and legal fees and expenses: *Provided*,

1 That notwithstanding any other provisions of this Act,
2 except for the limitation in amount hereinbefore specified,
3 the administrative expenses and other obligations of said
4 Corporation shall be incurred, allowed, and paid in accord-
5 ance with the Home Owners' Loan Act of 1933, as amended
6 (12 U. S. C. 1461-1468).

7 Federal Housing Administration: In addition to the
8 amounts available by or pursuant to law (which shall be
9 transferred to this authorization) for the administrative
10 expenses of the Federal Housing Administration in carrying
11 out duties imposed by or pursuant to law, not to exceed
12 \$17,624,000 of the various funds of the Federal Housing
13 Administration as follows: (1) The mutual mortgage insur-
14 ance fund; (2) the housing insurance fund; (3) the account
15 in the Treasury comprised of funds derived from premiums
16 collected under authority of section 2 (f), title I of the
17 National Housing Act, as amended (12 U. S. C. 1701);
18 and (4) the war housing insurance fund shall be available
19 for expenditure, in accordance with the provisions of said
20 Act for the administrative expenses of the Federal Housing
21 Administration, including not to exceed \$1,500 for periodicals
22 and newspapers; not to exceed \$1,500 for contract actuarial
23 services; and health program as authorized by the Act of
24 August 8, 1946 (Public Law 658): *Provided*, That neces-
25 sary expenses of the Administration (including both services

1 performed on a contract or fee basis, but not including other
2 personal services) in connection with the acquisition, pro-
3 tection, completion, operation, maintenance, improvement,
4 or disposition of real or personal property of the Administra-
5 tion acquired under authority of titles I, II, and VI of said
6 National Housing Act, shall be considered as nonadministra-
7 tive for the purposes hereof: *Provided further*, That, except
8 as herein otherwise provided, the administrative expenses
9 and other obligations, including nonadmanistrative expenses,
10 of the Administration shall be incurred, allowed, and paid in
11 accordance with the provisions of said Act of June 27, 1934,
12 as amended (12 U. S. C. 1701).

13 Federal Public Housing Authority: Of the amounts
14 available by or pursuant to law for the administrative ex-
15 penses of the Federal Public Housing Authority in carrying
16 out duties imposed by or pursuant to law including not to
17 exceed \$2,200,000 of the funds available for administrative
18 expenses for the United States Housing Act program (all
19 of which are hereby merged into a single administrative
20 expense account), not to exceed \$10,400,000 shall be avail-
21 able for such expenses subject to the provisions of section
22 6 (b) of the act of September 1, 1937, as amended, 42
23 U. S. C. 1406 (b), including health service program as au-
24 thorized by the Act of August 8, 1946 (Public Law 658):
25 *Provided*, That the number of officers and employees receiv-

1 ing compensation in excess of \$4,500 per annum shall not
2 exceed 20 per centum of the total number of officers and
3 employees paid from such funds: *Provided further*, That
4 necessary expenses of providing representatives of the
5 Authority at the sites of non-Federal projects in connection
6 with the construction of such non-Federal projects by public
7 housing agencies with the aid of the Authority, shall be
8 compensated by such agencies by the payment of fixed fees
9 which in the aggregate in relation to the development costs
10 of such projects will cover the costs of rendering such
11 services, and expenditures by the Authority for such purpose
12 shall be considered nonadministrative expenses, and funds
13 received from such payments may be used only for the pay-
14 ment of necessary expenses of providing representatives of
15 the Authority at the sites of non-Federal projects or for
16 administrative expenses of the Authority not in excess of the
17 amount authorized by the Congress.

18 Liquidation of resettlement projects: Not to exceed
19 \$39,500 of the receipts derived from the operation of the
20 projects transferred under paragraphs 1 (g) and 6 of Ex-
21 ecutive Order 9070 of February 24, 1942 (7 F. R. 1529),
22 shall be available for necessary expenses in connection with
23 and to facilitate disposition of the improved or unimproved
24 lands in the suburban resettlement projects known as Green-
25 belt, Greendale, and Greenhills, pursuant to the provisions

1 of section 5 of the Emergency Relief Appropriation Act of
2 1935 (49 Stat. 115), for making surveys, plans, and plats,
3 and expenses of additions, alterations, and improvements to
4 streets and utilities.

5 Defense Homes Corporation: Not to exceed \$3,000
6 shall be available for payment of terminal leave only. Imme-
7 diately upon the enactment hereof, the National Housing Ad-
8 ministrator shall transfer or cause to be transferred to the
9 Reconstruction Finance Corporation without reimbursement
10 or other consideration all of the capital stock of Defense Homes
11 Corporation, together with the stock certificates evidencing the
12 ownership of such stock. All assets and liabilities of every kind
13 and nature, together with all records, of Defense Homes Cor-
14 poration are hereby transferred effective July 1, 1947, to the
15 Reconstruction Finance Corporation without reimbursement
16 or other consideration for the purpose of liquidation thereof
17 in an orderly manner. Upon receipt of such stock, the
18 Reconstruction Finance Corporation shall proceed with
19 diligence to liquidate the affairs of the Defense Homes Cor-
20 poration as soon as practicable, including realization of the
21 cash value of all its assets and settlement of all its legal
22 liabilities, including the existing indebtedness of Defense
23 Homes Corporation to the Reconstruction Finance Corporation.
24 Any net proceeds thereafter remaining shall be covered into
25 the Treasury in the same manner and in accordance with the

1 same requirements as are applicable for the disposition of net
2 income realized by the Reconstruction Finance Corporation
3 from its operations. Such of the personnel of the Federal
4 Public Housing Authority (not to exceed eight persons)
5 as have been employed primarily on duties relating to the
6 Defense Homes Corporation and are found by the Recon-
7 struction Finance Corporation to be necessary and qualified
8 to assist in the liquidation herein authorized and directed,
9 shall be transferred to the Reconstruction Finance Corpora-
10 tion as of the date requested by it.

11 FEDERAL LOAN AGENCY

12 War Damage Corporation: The Board of Directors of
13 the Corporation shall pay or cause to be paid to the Treasury
14 of the United States \$210,751,618.65 of the amount realized
15 by the Corporation from its operations, such sum to be
16 covered into the Treasury immediately upon the approval
17 of this Act and applied to reduction of the national debt.

18 DEPARTMENT OF AGRICULTURE

19 Federal Farm Mortgage Corporation: Not to exceed
20 \$2,750,000 (to be computed on an accrual basis) of the
21 funds of the Corporation shall be available for administra-
22 tive expenses, including employment on a contract or fee
23 basis of persons, firms, and corporations for the performance
24 of special services, including legal services, and the use of
25 the services and facilities of Federal land banks, national

1 farm loan associations, Federal Reserve banks, and agencies
2 of the Government as authorized by the Act of January 31,
3 1934 (12 U. S. C. 1020-1020h) ; and said total sum shall
4 be exclusive of interest expense, and expenses in connection
5 with the acquisition, operation, maintenance, improvement,
6 protection, or disposition of real or personal property be-
7 longing to the Corporation or in which it has an interest;
8 *Provided*, That of the funds available to the Corporation
9 for administrative expenses, not to exceed \$275,000 shall
10 be available for payment to the Farm Credit Administration
11 for supervisory or other services rendered.

12 Federal Intermediate Credit Banks: Not to exceed
13 \$1,250,000 (to be computed on an accrual basis) of the
14 funds of the banks shall be available for administrative ex-
15 penses, including the purchase of not to exceed ten passenger
16 motor vehicles, services performed for the banks by other
17 Government agencies (except services performed by the
18 banks for cooperatives in connection with loans to cooperative
19 associations rediscounted or pledged with the Federal Inter-
20 mediate Credit Banks, and services performed by any Federal
21 Reserve bank and by the United States Treasury in connec-
22 tion with the financial transactions of the banks) , and not to
23 exceed \$4,000 for penalty mail; and said total sum shall be
24 exclusive of interest expense, legal and special services per-
25 formed on a contract or fee basis, and expenses in connection

1 with the acquisition, operation, maintenance, improvement,
2 protection, or disposition of real or personal property belong-
3 ing to the banks or in which they have an interest: *Provided*,
4 That of the funds available to the banks for administrative
5 expenses, not to exceed \$125,000 shall be available for pay-
6 ment to the Farm Credit Administration for supervisory
7 or other services rendered.

8 Production Credit Corporations: Not to exceed \$1,-
9 600,000 (to be computed on an accrual basis) of the funds
10 of the corporations shall be available for administrative ex-
11 penses, including the purchase of not to exceed fifteen pas-
12 senger motor vehicles, services performed for the corporations
13 by other Government agencies, and not to exceed \$4,000 for
14 penalty mail; and said total sum shall be exclusive of interest
15 expense, legal and special services performed on a contract
16 or fee basis, and expenses in connection with the acquisition,
17 operation, maintenance, improvement, protection, or dispo-
18 sition of real or personal property belonging to the corpora-
19 tions or in which they have an interest: *Provided*, That of
20 the funds available to the corporations for administrative ex-
21 penses, not to exceed \$160,000 shall be available for pay-
22 ment to the Farm Credit Administration for supervisory or
23 other services rendered.

24 Regional Agricultural Credit Corporation of Washing-
25 ton, District of Columbia; Not to exceed \$200,000 (to be

1 computed on an accrual basis) of the funds of the Corpora-
2 tion shall be available for administrative expenses, including
3 supervision and examination by the Farm Credit Admin-
4 istration and services performed for the Corporation by other
5 Government agencies, and not to exceed \$3,200 for penalty
6 mail; and said total sum shall be exclusive of interest expense,
7 legal and special services performed on a contract or fee basis,
8 and expenses in connection with the acquisition, operation,
9 maintenance, improvement, protection, or disposition of real
10 or personal property belonging to the Corporation or in which
11 it has an interest: *Provided*, That no other funds shall be
12 available for administrative expenses of the Corporation:
13 *Provided further*, That of the funds available to the Cor-
14 poration for administrative expenses, not to exceed \$20,000
15 shall be available for payment to the Farm Credit Adminis-
16 tration for supervisory or other services rendered.

17 DEPARTMENT OF COMMERCE

18 Inland Waterways Corporation: Not to exceed \$418,-
19 100 shall be available for administrative expenses, to be
20 determined in the manner set forth under the title "General
21 expenses" in the Uniform System of Accounts for Carriers
22 by Water of the Interstate Commerce Commission (effective
23 January 1, 1942), with the exception that the cost of the
24 audit as required by Public Law 248, Seventy-ninth Con-
25 gress, shall be deemed a nonadministrative expense for the

1 purpose hereof, including not to exceed \$1,200 for penalty
2 mail: *Provided*, That no funds shall be used to pay compen-
3 sation of employees normally subject to the Classification
4 Act of 1923, as amended, at rates in excess of rates fixed
5 for similar services under the provisions of the Classification
6 Act, as amended, nor to pay the compensation of vessel
7 employees and such terminal and other employees as are
8 not covered by the Classification Act, at rates in excess of
9 rates prevailing in the river transportation industry in the
10 area.

11 Warrior River Terminal Company: Not to exceed
12 \$20,100 shall be available for administrative expenses, to be
13 determined in the manner set forth under the title "Operating
14 expense accounts—general" in the Uniform System of Ac-
15 counts for Steam Railroads of the Interstate Commerce Com-
16 mission (issue of 1943) with the exception that the cost of
17 the audit as required by Public Law 248, Seventy-ninth Con-
18 gress, shall be deemed a nonadministrative expense for
19 the purpose hereof: *Provided*, That, in the event of dissolu-
20 tion of the Company and/or the transfer of its assets to the
21 Inland Waterways Corporation, the funds provided herein
22 shall be transferred and merged with the administrative ex-
23 penses of the Inland Waterways Corporation for the operation
24 of its facilities.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company: Not to exceed \$20,000 (to be computed on an accrual basis) of the funds of the Company shall be available during the fiscal year 1948 for its administrative expenses which shall be determined in accordance with the Company's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, interest expense, payment of claims, contribution to the local government in lieu of taxes, expenditures which the Company's prescribed accounting system requires to be capitalized or charged to commodities produced or acquired and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection or disposition of facilities and other property belonging to the Company or in which it has an interest.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$225,000 (to be computed on an accrual basis) of the funds of the corporation shall be available during the fiscal year 1948 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, vocational training expenses, payment of claims, expenditures which the said accounting

1 system requires to be capitalized or charged to cost of com-
2 modities acquired or produced, including selling and shipping
3 expenses, and expenses in connection with acquisition, con-
4 struction, operation, maintenance, improvement, protection,
5 or disposition of facilities and other property belonging to the
6 corporation or in which it has an interest.

7 DEPARTMENT OF STATE

8 The Institute of Inter-American Affairs: Not to exceed
9 \$550,000 (to be computed on an accrual basis) of the funds
10 available to the Corporation shall be available during the
11 fiscal year 1948 for its administrative expenses, including not
12 to exceed \$3,000 shall be available for penalty mail, and the
13 cost of administrative services performed for the Corpora-
14 tion by other Government agencies, which shall be deter-
15 mined in accordance with the Corporation's prescribed ac-
16 counting system in effect on July 1, 1946, and shall be ex-
17 clusive of expenditures made outside continental United
18 States, and expenditures which the Corporation's prescribed
19 accounting system requires to be capitalized or charged di-
20 rectly to or directly related to the operating programs:
21 *Provided*, That the total cost of liquidation shall be paid out
22 of funds available to the Corporation without additional
23 appropriations therefor.

24 Institute of Inter-American Transportation: Not to ex-
25 ceed \$3,000 of the funds available to the Corporation shall

1 be available for payment of terminal leave only: *Provided*,
2 That all administrative duties and responsibilities shall be
3 assumed by such officers and employees of the Department
4 of State as the Secretary of State may designate, and who
5 shall receive no additional compensation for such duties:
6 *Provided further*, That the Secretary of State shall take
7 appropriate steps to secure the final dissolution and liquida-
8 tion of said Corporation at the earliest practicable date:
9 *Provided further*, That the total cost of liquidation shall be
10 paid out of funds available to the Corporation without addi-
11 tional appropriations therefor.

12 Inter-American Educational Foundation, Inc.: Not to
13 exceed \$250,000 (to be computed on an accrual basis) of the
14 funds available to the Corporation shall be available during the
15 fiscal year 1948 for its administrative expenses, including not
16 to exceed \$1,500 shall be available for penalty mail; including
17 the cost of administrative service performed for the Coropora-
18 tion by other Government agencies, which shall be deter-
19 mined in accordance with the Corporation's prescribed ac-
20 counting system in effect on July 1, 1946, and shall be ex-
21 clusive of expenditures made outside the continental limits of
22 the United States, and expenditures which the Corporation's
23 prescribed accounting system requires to be capitalized or
24 charged directly to or directly related to the operating pro-
25 grams.

1 Prencinradio, Incorporated: Not to exceed \$2,000 of the
2 funds available to the Corporation shall be available for pay-
3 ment of terminal leave only: *Provided*, That all administra-
4 tive duties and responsibilities shall be assumed by such
5 officers and employees of the Department of State as the
6 Secretary of State may designate, and who shall receive
7 no additional compensation for such duties: *Provided further*,
8 That the Secretary of State shall take appropriate steps to
9 secure the final dissolution and liquidation of said Corporation
10 at the earliest practicable date: *Provided further*, That the
11 total cost of liquidation shall be paid out of funds available
12 to the Corporation without additional appropriations therefor.

13 TITLE III

14 GENERAL PROVISIONS

15 SEC. 301. Funds made available by this Act for admin-
16 istrative expenses shall be available, in addition to objects for
17 which such funds are otherwise available, for personal serv-
18 ices and rent in the District of Columbia; printing and bind-
19 ing; examination of budgets and estimates of appropriations
20 in the field; travel expenses in accordance with the Stand-
21 ardized Government Travel Regulations, the Subsistence
22 Expense Act of 1926, as amended (except as to per diem
23 rates outside continental United States), and the Act of
24 February 14, 1931, as amended (5 U. S. C. 73a) ; for the
25 objects specified under the head "General provisions" in

1 title II of the Independent Offices Appropriation Act, 1948,
2 all the provisions of which title unless otherwise specified
3 in this Act, shall be applicable to the expenditure of such
4 funds; and services in accordance with section 15 of the Act
5 of August 2, 1946 (Public Law 600), except that no funds
6 of any corporation or agency included in this Act shall be
7 available for payment, to other than a Government agency,
8 for services of an independent audit of the financial records
9 of the offices of any Government corporation or agency
10 unless prior approval is obtained from or such service is di-
11 rected to be made by the Comptroller General of the United
12 States.

13 SEC. 302. No part of any funds of any wholly owned
14 Government corporation shall be used for the purchase or
15 construction, or in making loans for the purchase or con-
16 struction of any office building at the seat of government
17 primarily for occupancy by any department or agency of the
18 United States Government or by any corporation owned by
19 the United States Government.

20 SEC. 303. Funds of the corporations and agencies cov-
21 ered by the provisions of this Act shall be available for
22 payment of claims settled in accordance with part 2 of the
23 Federal Tort Claims Act.

24 SEC. 304. Any funds of, or available for expenditure
25 by, any corporation or agency included in this Act, which

1 are not subject to audit by the General Accounting Office
2 under the provisions of the Government Corporation Control
3 Act (Public Law 248, Seventy-ninth Congress) or other
4 law, shall be accounted for and audited in accordance with
5 the Budget and Accounting Act, as amended, and no such
6 fund shall be obligated or expended unless and until an appro-
7 priate appropriation account shall have been established
8 therefor pursuant to an appropriation warrant or a covering
9 warrant: *Provided*, That this section shall not be so con-
10 strued as to modify or repeal any provision of any other law
11 respecting warranting, accounting for, and auditing of funds.

12 SEC. 305. No part of the funds of, or available for ex-
13 penditure by, any corporation or agency included in this
14 Act shall be used to pay the salary or wages of any person
15 who engages in a strike against the Government of the
16 United States or who is a member of an organization of
17 Government employees that asserts the right to strike against
18 the Government of the United States, or who advocates, or
19 is a member of an organization that advocates, the over-
20 throw of the Government of the United States by force or
21 violence: *Provided*, That for the purposes hereof an affi-
22 davit shall be considered prima facie evidence that the person
23 making the affidavit has not contrary to the provisions of
24 this section engaged in a strike against the Government of
25 the United States, is not a member of an organization of

1 Government employees that asserts the right to strike against
2 the Government of the United States, or that such person
3 does not advocate, and is not a member of an organization
4 that advocates, the overthrow of the Government of the
5 United States by force or violence: *Provided further*, That
6 any person who engages in a strike against the Government
7 of the United States or who is a member of an organization
8 of Government employees that asserts the right to strike
9 against the Government of the United States, or who advo-
10 cates, or who is a member of an organization that advocates,
11 the overthrow of the Government of the United States by
12 force or violence and accepts employment the salary or wages
13 for which are paid from any funds available to any corpora-
14 tion or agency included in this Act shall be guilty of a felony
15 and, upon conviction, shall be fined not more than \$1,000
16 or imprisoned for not more than one year, or both: *Provided*
17 *further*, That the above penalty clause shall be in addition
18 to, and not in substitution for, any other provisions of existing
19 laws.

20 SEC. 306. Title to all office buildings at the seat of Gov-
21 ernment, which are owned by wholly owned Government
22 corporations, and all right, title, or interest of such cor-
23 porations in the land upon which such buidlings are located
24 are hereby transferred to the United States, and the Secre-
25 tary of the Treasury is authorized and directed to discharge

1 the indebtedness to the Treasury of any corporation holding
2 such rights, title, or interests in any such land or building to
3 the value thereof as determined by the Secretary of the
4 Treasury as of the date of transfer. Hereafter, such buildings
5 shall be controlled and managed in the same manner as pre-
6 scribed in the Act of March 1, 1919, as amended (40 U. S. C.
7 1). Wholly owned Government corporations requiring
8 space in office buildings at the seat of Government shall
9 occupy only such space as may be allotted in accordance with
10 the provisions of such act of March 1, 1919, as amended
11 (40 U. S. C. 1), and shall pay such rental thereon as may
12 be determined by the Federal Works Administrator, such
13 rental to include all cost of maintenance, upkeep, and repair.

14 SEC. 307. Section 104 of the Government Corporations
15 Control Act (Public Law 248, 79th Congress) is hereby
16 amended to read as follows:

17 "SEC. 104. The Budget programs transmitted by the
18 President to the Congress shall be considered and legislation
19 shall be enacted making necessary appropriations, as may
20 be authorized by law, making available for use such corporate
21 funds or other financial resources or limiting the use
22 thereof as the Congress may determine and providing
23 for repayment of capital funds and the payment of
24 dividends. Except as provided in such legislation, the pro-
25 visions of this section shall not be construed as preventing

1 wholly owned Government corporations from carrying out
2 and financing their activities as authorized by existing law,
3 nor as affecting the provisions of section 26 of the Tennessee
4 Valley Authority Act, as amended. The provisions of this
5 section shall not be construed as affecting the existing au-
6 thority of any wholly owned Government corporation to
7 make contracts or other commitments without reference to
8 fiscal-year limitations, as such authority may be necessary
9 to the execution of an approved budget program.”

10 SEC. 308. Section 101 of the Government Corporations
11 Control Act (Public Law 248, Seventy-ninth Congress) is
12 hereby amended by adding at the end thereof the following:

13 “This title shall apply to the same extent as to wholly
14 owned Government corporations and for the same purposes
15 to the following mixed-ownership Government corporations:
16 (1) The Central Bank for Cooperatives and the regional
17 banks for cooperatives, (2) Federal home loan banks,
18 and (3) Federal Deposit Insurance Corporation.”

19 SEC. 309. This Act may be cited as “The Government
20 Corporations Appropriation Act, 1948”.

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[FULL COMMITTEE PRINT]

Union Calendar No.

80TH CONGRESS
1ST SESSION

H. R.

[Report No.]

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

By Mr. JENSEN

JUNE , 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

GOVERNMENT CORPORATIONS APPROPRIATION
BILL, 1948

JUNE 9, 1947.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. JENSEN, from the Committee on Appropriations, submitted the
following

R E P O R T

[To accompany H. R. 3756]

The Committee on Appropriations submits the following report in
explanation of the accompanying bill making appropriations for
Government corporations and certain independent agencies for the
fiscal year ending June 30, 1948, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced
by the bill are contained in the President's budget message, pages
957-1024, 1093-1190, 1235-1347, and House Documents 219, 228,
and 237.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945,
which requires that all wholly owned Government corporations
submit annual budgets to the Congress, specifies by name such cor-
porations as were in existence at the time that act became law on
December 6, 1945.

The accompanying bill presents to the House the recommendations
of the Committee on Appropriations, respecting the budgets sub-
mitted for the fiscal year 1948, in accordance with the provisions of
such act, with certain exceptions.

The budget submitted for the Reconstruction Finance Corporation and its subsidiaries has not been acted upon inasmuch as the act authorizing the Reconstruction Finance Corporation expires on June 30, and legislation to extend its life is now pending in Congress. Pending determinations on this legislation, it is not possible to estimate accurately the requirements of the Reconstruction Finance Corporation. This budget will be considered in a subsequent bill to be reported, after the future of the Reconstruction Finance Corporation has been determined.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, already passed by the House.

In order to indicate the current status of wholly owned Government corporations with regard to their legal lives as corporate entities and as agencies or instrumentalities of the United States, the following summary tabulation is presented. Those corporations already liquidated are not included in the tabulation. As of the latest date for which available, information has been included regarding pending legislation affecting the corporations with respect to their legal lives. Inasmuch as many of the numerous bills introduced in Congress contain incidental references which may affect Government corporations, the information regarding pending legislation in the table should not be considered as necessarily complete.

Government corporations

Name	Termination date under provisions of existing law or charter	Pending legislation
Banks for Cooperatives.....	Indefinite	
Commodity Credit Corporation ¹	June 30, 1947 ²	S. 350 (passed Senate Apr. 8, 1947). H. R. 30.
Defense Homes Corporation ¹	Indefinite ³	
Export-Import Bank of Washington ¹	do ⁴	S. 993 (passed Senate Apr. 21, 1947). S. 414 (insurance fund). S. 1326.
Federal Crop Insurance Corporation.....	do.....	H. R. 974; S. 1070.
Federal Deposit Insurance Corporation.....	do.....	H. R. 3330; S. 925.
Federal Farm Mortgage Corporation.....	do.....	H. R. 2799, H. Rept. 413.
Federal Home Loan Banks.....	do.....	
Federal Intermediate Credit Banks.....	do.....	H. R. 3330; S. 925.
Federal Land Banks.....	do.....	
Federal National Mortgage Association.....	do.....	
Federal Prison Industries, Inc.....	do.....	
Federal Public Housing Authority.....	do ⁵	
Federal Savings and Loan Insurance Corporation.....	do.....	H. R. 2798, H. Rept. 411, H. R. 2800.
Home Owners' Loan Corporation.....	When purpose accomplished.	
Inland Waterways Corporation.....	Indefinite	
Institute of Inter-American Affairs ¹	do.....	
Inter-American Educational Foundation, Inc. ¹	do.....	
Prencinradio, Inc. ⁶	May 14, 1946 ⁸	
Institute of Inter-American Transportation ⁶	Aug. 21, 1946 ⁸	
Panama Railroad Company ¹	Indefinite	
Production Credit Corporations.....	do.....	
Reconstruction Finance Corporation.....	June 30, 1947 ⁷	H. R. 2535 (surplus property); S. 217.
Regional Agricultural Credit Corporation.....	Indefinite.....	
RFC Mortgage Company ¹	do.....	
Rubber Development Corporation ¹	June 30, 1947.....	
Smaller War Plants Corporation.....	Dec. 31, 1946.....	
Tennessee Valley Associated Cooperatives, Inc. ¹	Indefinite.....	

See footnotes at end of table, p. 3.

Government corporations—Continued

Name	Termination date under provisions of existing law or charter	Pending legislation
Tennessee Valley Authority.....	Indefinite.....	S. 1277.
U. S. Commercial Company.....	June 30, 1947 ⁷	
Virgin Islands Company ¹	Indefinite.....	H. R. 3108 and S. 1183.
War Damage Corporation.....	June 30, 1947 ⁷	H. R. 74.
Warrior River Terminal Co. ¹	Indefinite.....	

¹ These corporations were created under the laws of a State, Territory, or possession of the United States, or under the laws of the District of Columbia, and under sec. 304 (b) of the Government Corporation Control Act, 59 Stat. 602, their status as agencies of the United States expires June 30, 1948, and they are directed to be dissolved.

² As an agency of the United States (continued to June 30, 1947, by Public Law 30, approved Apr. 12, 1945, 59 Stat. 30). Delaware charter provides for perpetual existence.

³ In process of liquidating.

⁴ Constituted an independent agency with indefinite life by the act of July 31, 1945, Public Law 173 (59 Stat. 526).

⁵ Formerly United States Housing Authority. Executive Order No. 9070, Feb. 24, 1942, created the National Housing Agency and consolidated therein the United States Housing Authority, to be administered as the Federal Public Housing Authority under the direction and supervision of the National Housing Administrator. Said order is to be in force and effect so long as title I of the First War Powers Act remains in force.

⁶ Now in dissolution.

⁷ Public Law 656, approved Aug. 7, 1946 (60 Stat. 901) provides for the termination of this Corporation on June 30, 1947.

⁸ Certificate of dissolution filed with the secretary of state, State of Delaware, on date indicated.

The following statement sets forth the net withdrawals from the Treasury, in round figures, of all the wholly owned Government corporations, including Commodity Credit Corporation and Federal Crop Insurance, but excepting the Reconstructing Finance Corporation, as submitted in the budget for 1948 and subsequently amended.

Net withdrawals from U. S. Treasury by wholly owned Government corporations (except Federal Loan Agency) and credit agencies (revised)

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
Appropriation expenditures (net).....	\$568	\$302	—\$4
Capital and surplus subscriptions, less returns.....	609	309	—3
Cancellation of notes of Commodity Credit Corporation ¹		921	642
Interest payments to U. S. Treasury.....	—27	—17	—25
Borrowings from U. S. Treasury, less repayments and cancellations.....	—682	—347	328
Expenditures from trust accounts, less receipts.....	7	9	—6
Change in cash balances with U. S. Treasurer.....	—629	85	—5
Net withdrawals from U. S. Treasury.....	—154	1,262	927

¹ Offset by reduction in borrowings from the U. S. Treasury in equal amounts.

The following is a consolidated balance sheet of all such corporations as of June 30, 1946, 1947, and 1948.

Financial condition, revised as of June 30, 1946, 1947, and 1948

[In millions]

	Actual, 1946	Estimate, 1947	Estimate, 1948
ASSETS			
Loans receivable.....	\$2,295	\$3,490	\$4,461
Land, structures, and equipment.....	2,733	2,343	1,956
Commodities, supplies, and materials.....	619	261	358
Investments.....	392	375	390
Cash.....	775	679	685
Appropriated funds.....	552	230	182

Financial condition, revised as of June 30, 1946, 1947, and 1948—Continued

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
ASSETS—continued			
Advances and accounts receivable.....	\$741	\$277	\$104
Other assets.....	15	16	24
Total assets.....	8, 122	7, 671	8, 160
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable.....	3, 121	2, 707	3, 014
Deferred and undistributed credits.....	221	90	13
Other liabilities.....	1, 940	1, 400	1, 294
Total liabilities.....	5, 282	4, 197	4, 321
Paid-in capital and surplus.....	4, 860	6, 085	6, 853
Earned surplus.....	-2, 020	-2, 611	-3, 014
Total.....	8, 122	7, 671	8, 160

The following is a statement of the funds to be received and expended by such corporations for the fiscal years 1946, 1947, and 1948.

Sources and application of funds, revised, by fiscal years

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
FUNDS APPLIED			
To acquisition of assets:			
To make loans.....	\$1, 686	\$2, 967	\$3, 274
To purchase investments.....	100	20	48
To purchase commodities.....	2, 316	1, 729	894
To add to fixed assets.....	94	455	94
To acquire other assets.....	1	8	13
To operating costs:			
To pay cost of commodities sold.....	51	67	85
To pay other operating expenses.....	236	265	226
To pay subsidies and contributions.....	848	23	13
To retirement of borrowings and capital:			
To retire outstanding obligations to U. S. Treasury.....	3, 420	3, 152	1, 816
To retire outstanding obligations to the public.....	988	1, 376	1, 302
To return capital and pay dividends.....	169	127	428
To increase working capital.....	459		
Total.....	10, 368	10, 189	8, 193
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans.....	1, 754	1, 790	2, 273
By sales of investments.....	109	170	150
By sales of commodities.....	3, 033	2, 048	797
By sales of fixed assets.....	12	5	6
By operating income.....	352	420	431
By borrowing and capital:			
By borrowing from the U. S. Treasury.....	2, 738	2, 804	2, 455
By borrowing from the public.....	712	1, 413	1, 239
By new capital and paid-in surplus.....	705	345	10
By appropriations.....	953	992	694
By decrease in working capital.....		202	138
Total.....	10, 368	10, 189	8, 193

The committee desires to call attention to the total borrowing authority of wholly owned Government corporations, which as of March 31, 1947, was slightly in excess of \$30,000,000,000. The amount of outstanding obligations as of the same date, approximately

11½ billion dollars, reduces to about 18½ billion the balance of such borrowing authority outstanding as of March 31. It should be noted that the 18½ billion dollars outstanding is subject to possible reduction of approximately \$5,700,000,000, as indicated in the footnotes appended to the statement which follows.

While much of the authority of Government corporations to borrow funds is subject to certain restrictions, such as borrowing for specific purposes only, the total amount is staggering nevertheless. The committee feels that the Congress should maintain a vigilant scrutiny over this aspect of our fiscal structure in connection with its watch over the public debt of the Nation and in connection with its consideration of matters related to our national finances in general.

The following tabulation was supplied by the United States Treasury Department on the basis of the latest information obtained from the individual Government corporations.

Borrowing authority, outstanding obligations and balance of borrowing authority of wholly owned corporations of the U. S. Government as of Mar. 31, 1947

Corporation	Borrowing authority	Outstanding obligations
Commodity Credit Corporation.....	\$4,750,000,000.00	\$955,542,227
Defense Homes Corporation.....	44,204,208.00	44,146,208
Export-Import Bank of Washington.....	2,500,000,000.00	271,900,000
Federal Farm Mortgage Corporation.....	¹ 2,000,000,000.00	2,621,500
Federal Intermediate Credit Banks.....	933,253,370.90	348,995,000
Federal National Mortgage Association.....	13,762,382.87	0
Federal Public Housing Authority (U. S. Housing Act).....	726,196,000.00	350,002,000
Home Owners' Loan Corporation:		
Guaranteed as to principal and interest.....	² 1,838,950,325.00	{ 578,289,000
Guaranteed as to interest only.....		
Inland Waterways Corporation.....	5,009,059.48	114,875
Institute of Inter-American Affairs.....	(3)	0
Institute of Inter-American Transportation.....	(3)	0
Inter-American Educational Foundation, Inc.....	(3)	0
Panama Railroad Company.....	7,000,000.00	0
Prencinradio, Incorporated.....	(3)	0
Reconstruction Finance Corporation and subsidiaries.....	⁴ 17,241,570,623.22	8,902,143,850
Regional Agricultural Corporation of Washington, D. C.....	(3)	0
Tennessee Valley Associated Cooperatives, Inc.....	(3)	0
Tennessee Valley Authority:		
Guaranteed.....	56,500,000.00	56,500,000
On credit of United States.....	2,000,000.00	2,000,000
Virgin Islands Company.....	⁵ 209,302.00	209,302
Total.....	30,118,655,271.47	11,512,463,962
Less: Intercompany items:		
Due to RFC by Defense Homes Corporation.....	—44,204,208.00	—44,146,208
Due to RFC by Tennessee Valley Authority.....	—2,000,000.00	—2,000,000
Net total.....	30,072,451,063.47	11,466,317,754
Total borrowing authority.....	30,072,451,063.47	
Less outstanding obligation.....	11,466,317,754.00	
Balance of borrowing authority.....	18,606,133,309.47	

¹ Does not reflect reductions in borrowing authority of an unspecified amount recommended by the President.

² In addition, the corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the HOLC to make new loans expired June 12, 1936.

³ No amount stated.

⁴ Includes indefinite borrowing authority to the amount availed of less cash repayments and notes canceled. Included \$7,737,000 authorizations administratively canceled by the Corporation. Reduction of \$2,500,000,000 in borrowing authority covered in proposed new charter of RFC.

⁵ Indicates outstanding obligations. While the corporation is authorized in its charter to borrow, the amount of such borrowings is not specified.

REDUCTIONS IN PERSONNEL

Wherever reductions in appropriations require reductions in personnel it should be stated that such reductions in personnel must be

undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the Departments must understand that terminal leave costs will be borne by 1948 appropriation. Dismissals prior to June 30, 1947, will require expenditure of 1947 appropriations for terminal leave.

No deficiency estimate for such purpose for either 1947 or 1948 will be entertained.

LOYALTY OF EMPLOYEES

The committee has endeavored to advise the heads of the various corporations and agencies which appeared before it that Federal funds are not to be used to pay salaries or expenses of persons antagonistic to our form of government. To that end the committee intends to hold the head of each corporation and agency personally responsible for immediately dismissing and in the future refusing to employ any person who is not completely loyal to our form of government or who belongs to any organization which advocates the overthrow of our government by force or violence.

WAR DAMAGE CORPORATION

Information supplied by the Reconstruction Finance Corporation at the request of the committee indicated that as of April 30, 1947, the War Damage Corporation had to its credit \$210,751,618.65 representing the excess of its income over expenses. Also, it was stated that such amount would be turned over to the Treasury in due course. The War Damage Corporation has completed the purpose for which it was created, and is no longer engaged in the business of insuring against loss from war damage. Therefore, the bill contains a provision requiring that the amount indicated above be promptly paid into the Treasury and applied to reduction of the national debt.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the bank's lending authority from \$200,000,000 to \$700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from \$700,000,000 to 3.5 billion dollars. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

During the fiscal year 1946 loan authorizations totaling \$655,000,000 were made to foreign countries to cover the termination of the lend-lease program, although a large part of the disbursements under such authorizations, \$279,100,000, were made in fiscal 1947. Credits to provide dollar exchange to foreign countries for immediate reconstruction of damages suffered from the war were also authorized by the bank in 1946 and 1947, although disbursements of such credit will extend into fiscal 1948. As of April 23, 1947, the total unobligated lending authority of the bank amounted to \$815,119,550.81. The committee feels that loans in the categories just referred to, which are based largely upon political considerations, are not in keeping with the purpose for which the Export-Import Bank was organized. While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States. The World Bank is now a going concern and major loans for reconstruction and rehabilitation should be referred to that bank rather than be handled by the Export-Import Bank. In any case, where it may appear in the national interest to extend large loans to foreign countries, such should be approved by the Congress in each instance.

As was pointed out in the hearings, the bank seeks to place loans with private lending agencies before making direct loans. It also endeavors to sell outstanding loans from its portfolio without recourse whenever possible. The committee highly endorses such practices and urges that the bank make the greatest effort to avoid competing with private capital.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1, 216, 512, 900	\$904, 802, 400
Expenses.....	3, 028, 700	113, 383, 000
Retirements of borrowings and capital and distribution of surplus.....	27, 700, 000	171, 100, 000
Increase in working capital.....		30, 614, 600
Total funds applied.....	1, 247, 241, 600	1, 119, 900, 000
Funds provided:		
Realization of assets.....	53, 400, 000	159, 600, 000
Revenues.....	32, 426, 434	72, 000, 000
Borrowings and capital subscriptions.....	1, 106, 800, 000	888, 300, 000
Decrease in working capital.....	54, 615, 166	
Total funds provided.....	1, 247, 241, 600	1, 119, 900, 000

¹ Includes administrative expenses estimated at \$842,000, and reduced to \$800,000 by committee.

Of the item "Acquisition of assets," \$904,802,400 represents the amount to be loaned in 1948. The item "Realization of assets" indicates the principal amount of loans to be collected.

In the fiscal year 1948 the total amount to be loaned by the bank will be less than its total new loans in the present fiscal year, since more than half of its lending authority is already being utilized. The fiscal year 1948 marks the beginning of the period when collections of loans will play a large part in the bank's activities. Owing to the

importance of protecting the public money already loaned by the bank, the committee has granted an increase of \$20,000 over the present year in the bank's administrative expenses. In recommending a total of \$800,000 for 1948, however, the committee has reduced the budget estimate of \$842,000, which is considered excessive.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Company acquired most of the 70,000 shares of its stock. This company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co., which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905 at an average cost of approximately \$140 per share.

The name of the corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities, all are in the Canal Zone except the steamship line which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war.

All three vessels have now been returned to the Railroad Company. Two are now operating, and the third, which required major realterations, should be back in service very soon.

The railroad, comprising 50 miles of main-line track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the Company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments. While it is likely that the completion of the new highway will reduce the revenues of the railroad without proportionate reductions in operating expenses the Railroad Company is prohibited by treaty from operating busses and truck lines over the highway, which passes through portions of the Republic of Panama. A company in the Republic of Panama presently is in the process of constructing a hotel in the city of Panama. When this is completed it should be possible for the Railroad Company to reduce its activities in this field. The hotel business of the Company has not been profitable except during the war years.

Under section 304 of the Government Corporation Control Act (Public Law 238, 79th Cong.) the Panama Railroad Company in-

tends to seek reincorporation in the Eightieth Congress. The present functions of the Company as an adjunct to the Panama Canal and as an international common carrier are important and are required by provisions of public treaties and notes accessory thereto to be performed by a public agency of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1, 108, 869	\$1, 706, 700
Expenses.....	45, 373, 001	40, 128, 600 ¹
Payment of dividends.....	1, 250, 000	700, 000
Total funds applied.....	47, 731, 870	42, 535, 300
Funds provided:		
Revenues and cancellations of liability.....	47, 513, 099	41, 952, 200
Decrease in working capital.....	218, 771	583, 100
Total funds provided.....	47, 731, 870	42, 535, 300

¹ Includes administrative expenses estimated at \$779,700, and reduced to \$750,000 by committee.

The committee has reduced the budget estimate of \$779,700 for administrative expenses by \$29,700 to \$750,000. Total administrative expenses, including deficiencies, in 1947 amounted to \$760,000. Thus, the amount provided for 1948 is a slight reduction from that available in 1947.

At the beginning of the 1947 fiscal year, it was estimated that the company would show a net deficit for the year. The committee is happy to note that the picture has now changed so that a net profit of approximately \$500,000 will be earned. It is hoped that the estimated profit of \$395,760 for 1948 can also be increased.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of Tennessee Valley Associated Cooperatives, Inc., and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as Tennessee Valley Authority directors. The present directors of Tennessee Valley Associated Cooperatives, Inc., have no present connection with the Tennessee Valley Authority. No act of Congress or

executive order or Federal statute specifically authorized the creation of the Tennessee Valley Associated Cooperatives, Inc.

This corporation will cease to be an instrumentality of the United States on June 30, 1948, under the provisions of the Corporation Control Act of 1945. The committee has been unable to ascertain any sound reason for continuing this entity as a Government corporation, and has therefor provided administrative expenses only for its liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$15,000	\$15,000
Expenses.....	3,000	3,000
Increase of working capital.....	4,600	4,550
Total funds applied.....	22,600	22,550
Funds provided:		
Realization of assets.....	17,700	17,700
Revenues.....	4,900	4,850
Total funds provided.....	22,600	22,550

The corporation owns preferred stock in local cooperative enterprises to the value of \$33,825 and on June 30, 1947, will have loans outstanding to cooperatives to the amount of \$238,480. It is estimated that these loans are worth approximately \$125,000.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established "to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munitions plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined, by Executive Order 6161 (June 8, 1933) that the Tennessee Valley Authority should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory:

The committee considers that the Tennessee Valley Authority is now substantially complete as a going concern. It is recommended that major additions to its facilities and expansions of its activities in the regions it serves be proposed to and acted upon in the future by the Congress.

In its report on the Government corporations appropriation bill for 1947 the committee stated that the portion of the investments which represent the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of 40 years, and that the Treasury of the United States should be reimbursed insofar as possible for such costs. The goal was, and is, that provision should be made for orderly restoration of the funds provided by the taxpayers of the country as a whole so as to leave a large operating facility owned, free of debt, by all the people. A great deal of study and analysis of relevant considerations has been undertaken, and the committee has included a provision in the accompanying bill to effectuate this goal. Since, owing to variable factors such as volume of stream flow, which affects the amount of electricity generated by water power and sales of electricity, which vary with many factors, including fluctuations in general business activity, it is virtually impossible to know just what the Authority's net income from power operations will be in future years. Also, costs of producing electricity vary, especially when inadequate stream flow requires the purchase of coal for steam-operated generators. Therefore the committee has proposed a plan which requires that a fixed percentage of annual net income from power operations be paid into the Treasury each year. The following figures on the cost of power-producing facilities, prepared by the Tennessee Valley Authority, were used to determine the amount to be paid into the Treasury:

Appropriations for power plant through June 30, 1946-----	\$287, 771, 841
Transfers of property from War Department-----	19, 026, 418
Bonds sold to Treasury and Reconstruction Finance Corporation---	65, 072, 500
Total funds provided by U. S. Treasury-----	<u>371, 870, 759</u>
Deduct:	
(1) Funds returned to U. S. Treasury through June 30, 1937:	
Portion of sec. 26 payments provided by power receipts:	
December 1945-----	¹ 7, 087, 741
December 1946-----	² 7, 971, 278
Total-----	<u>15, 059, 019</u>
Bond retirements: ³	
Fiscal year 1944: Sec. 15, series A, bond No. 1, held by RFC, retired Sept. 1, 1943-----	2, 000, 000
Fiscal year 1945: Sec. 15, series B, bond No. 3, held by RFC, retired June 15, 1945-----	2, 000, 000
Fiscal year 1946: Sec. 15, series A, bond No. 2, held by RFC, retired Sept. 1, 1945-----	1, 000, 000
Sec. 15, series B, bond No. 1, held by RFC, retired Mar. 15, 1946-----	1, 300, 000
Fiscal year 1947: Sec. 15 (a), series A, interim certificate, held by Treasury, retired Dec. 15, 1946-----	272, 500
Sec. 15, series B, bond No. 2, held by RFC, to be retired June 15, 1947-----	2, 000, 000
Total bonds retired from power receipts-----	<u>8, 572, 500</u>
Total principal payments from power receipts to Treasury-----	<u>23, 631, 519</u>
Outstanding balance of funds provided by Treasury for power plant as of June 30, 1947-----	348, 239, 240

¹ Total payment was \$12,597,744, including receipts from other than power operations.

² Total payment was \$10,336,264, including receipts from other than power operations.

³ Exclusive of bond interest.

The amount of \$348,239,240 is to be paid into the Treasury in not to exceed 40 years; \$2,500,000 of outstanding bond principal is to be paid and deducted from net income from power operations each year, and not less than 40 percent of the remaining net power income is to be paid each year until a total of \$348,239,240 has been paid. But not less than one-fourth of such amount is to be paid in each 10-year period after June 30, 1948. It is contemplated that the Congress, in approving the Authority's budget each year, will specify the amount to be returned to the Treasury during the ensuing year. It is also proposed that new appropriations for power facilities will be repaid to the Treasury on an amortized schedule not to exceed 40 years after such facility comes into operation.

The committee earnestly believes that this provision is a forward and progressive step in the history of the Tennessee Valley Authority. A schedule of repayments is thus provided whereby flexibility permits prosperous years to cushion payments to be made in less profitable years without destroying the basic provisions of section 26 of the Tennessee Valley Authority Act. Under this plan it is believed that the public interest will be protected without denying the management of the Authority adequate leeway in proposing what disposition shall be made of a portion of power proceeds.

The Authority's budgetary program for the fiscal year 1948 is presented in the following:

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
From appropriated funds:		
Acquisition of assets.....	\$20,328,000	¹ \$32,585,000
Expenses.....	9,225,000	² 7,850,000
Increase in working capital.....	10,853,000	
(Deduct adjustment for depreciation).....	(500,000)	(500,000)
Total appropriated funds applied.....	39,906,000	39,935,000
From corporate funds:		
Acquisition of assets.....	24,737,000	22,788,500
Expenses.....	28,390,000	30,951,000
Retirement of borrowings and return of earnings to Treasury.....	12,272,500	10,500,000
Total corporate funds applied.....	65,399,500	64,239,500
Total funds applied.....	105,305,500	104,174,500
Funds provided:		
From appropriated funds.....	39,906,000	³ 39,935,000
From corporate funds:		
Realization of assets.....	2,481,000	1,564,000
Revenues.....	57,535,000	58,945,000
Decrease in working capital.....	5,383,500	3,730,500
Total corporate funds provided.....	65,399,500	64,239,500
Total funds provided.....	105,305,500	104,174,500

¹ Reduced by committee to \$28,365,000.

² Limited by committee to \$7,156,000.

³ Reduced by committee to \$35,021,000.

The item "Acquisition of assets," from appropriated funds, covers continuation of construction of South Holston and Watauga Dams, and construction and acquisition of additions and replacements to chemical plant. The figure \$32,585,000 includes the unexpended balance of \$15,484,188 which the bill authorizes to be carried over from

1947 appropriations, and \$19,684,479 of the budget estimate for the 1948 appropriation, less \$2,583,667 of 1948 unliquidated obligations. The committee has reduced the estimate of \$27,057,500 for the 1948 appropriation by \$4,914,000. By limitation it has reduced the amount for dam construction by \$2,000,000 and the amount for additions to chemical plants by \$2,000,000. Expenditures for construction of these dams can be reduced by \$2,000,000 in the next fiscal year without interfering with their economical completion. The reduction for additions to chemical plant represents deferment of capital additions but does not require a reduction of research in fertilizer development.

The item "Expenses," from appropriated funds, covers operating costs of navigation operations, flood-control operations, fertilizer and munitions resources and development, and resource development activities. The committee has reduced the amount of \$7,850,000, as contained in the budget estimate, by \$500,000, and intends that such reduction be applied to resource-development activities. The Authority proposed to devote \$1,875,000 to fertilizer used in tests and demonstrations. The committee desires that \$375,000 of the \$500,000 referred to above, be deducted, leaving \$1,500,000 for fertilizer used in tests and demonstrations. The practice of furnishing fertilizer to the owner of a test farm for 4, 5, or more years without cost or at nominal cost should be changed. While the test farm serves a useful purpose for the compilation of performance data and for education of other farmers in the neighborhood, the recipient of test fertilizer also derives a direct and measurable increase in crop yields and profits. It is only reasonable that such farmers be required to pay at least part of the cost of the fertilizer. Most farmers would be happy to pay a reasonable cost for test fertilizer, particularly after the first year or two. The committee desires that a scheme be adopted whereby the recipient of test fertilizer would pay perhaps nothing or a nominal amount the first year, perhaps 20 percent of the delivered cost the second year, 50 percent of such cost the third year, etc., and after the fourth year the total cost of the fertilizer used on his farm. Such a scheme can be varied according to particular conditions, but owners of farms used for fertilizer tests and demonstrations should be graduated to the paying category as soon as possible. Also, steps should be taken to avoid giving any one farmer the benefits of free or unduly cheap test fertilizer over extended periods to the exclusion of all other farmers in the neighborhood or area. The benefits should be spread from one farm to another.

The \$125,000 balance of the \$500,000 reduction in resource and development activities is to be applied so as to reduce the amount used for fertilizer demonstrations and farm management assistance and rural organization and cooperative development activities, thus making the total funds devoted to these two activities not more than \$860,000.

The Authority proposed to purchase 421 new automobiles in 1948. The committee has reduced the number to be purchased to 221, and has accordingly reduced the appropriation by \$220,000. It is intended that these new cars be only for replacement of vehicles on hand, and that those in the most uneconomical operating condition be disposed of and replaced.

Section 102 of the Government Corporation Control Act requires that the budget program submitted by each wholly owned Govern-

ment corporation shall include a statement of administrative expenses. Schedule B-6 of the budget program presented by the Authority covers its proposed administrative and general expenses for the fiscal year 1948, in amount of \$4,805,000.

This amount should be reduced and a total of not more than \$4,105,000 should be used for administrative and general expenses, including all costs of activities set out in Schedule B-6 of the budget except the operation of Norris and Wilson villages. In a statement obtained from the Authority after its budget program had been submitted, it was pointed out that the total estimate of \$4,805,000 for administrative and general expenses comprised \$1,798,000 of appropriated funds and \$3,007,000 of corporate funds. The committee has provided in title I of the bill \$1,409,000 of appropriated funds to be used for administrative and general expenses, and it desires that a total of not more than \$2,696,000 of corporate funds be used for such expenses.

The bill does not carry a legislative limitation but the intent of the committee is clear that the Tennessee Valley Authority management shall not exceed this amount of \$4,105,000 for administrative expenses. This amount is composed of various items as specified in this report. The Tennessee Valley Authority management is directed to conform to such limitations, both as to appropriated and corporate funds (in the aggregate). The reduction in appropriated funds to be used for such expenses was computed approximately in proportion to the deductions applied to funds appropriated for construction and operating costs, except penalty mail costs. The entire reduction of \$5,000 from estimated penalty mail costs was made from appropriated funds. The portion of administrative and general expenses applicable to appropriated funds available for construction was reduced \$154,000, and the portion for operating costs (resource and development activities) was reduced \$35,000, a total of \$194,000.

The expense of operating Norris and Wilson villages is not properly an administrative expense, in the opinion of the committee. Since no information was obtainable as to what portion of the expenses of operating Norris and Wilson villages is appropriated funds, an arbitrary determination of one-half, or \$195,000, has been made. The expense of operating the villages should be separately presented in future budget programs, with sufficiently detailed data to accurately reveal their financial status, including the sources of funds used and objects of expenses in connection with their operation. The committee can see no justification for maintaining Norris and Wilson villages as an activity of the Authority unless they can be put on a self-sustaining basis. Unless they are put on a self-sustaining basis they should be promptly disposed of by the Authority. The Authority should present a definite proposal to such end at the time its 1949 budget is considered. Apart from excluding the expenses of operating these two villages, the committee expects the administrative and general expenses to be reduced by \$310,000. The expense of maintaining an information staff appears to be larger than necessary and, except for the technical library service, is considered to be superfluous to the Authority's activities.

This direction by the committee does not prevent the Authority from allocating its administrative and general expenses to the cost of its various programs and activities for cost-accounting purposes.

The statement of administrative expenses in future years should show a detailed break-down of such expenses by projects, programs, and activities and should distinguish appropriated funds from corporate funds.

The following statement showing the application of appropriated and corporate funds for the fiscal year 1948, on the basis of the budget as submitted, was requested by the committee after completion of the hearings:

TABLE I.—*Statement of appropriated funds, fiscal year 1948*

	1948 appropriation estimate	1947 unexpended balance	Less 1948 unliquidated obligations	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:					
Construction:					
Navigation, flood-control, and power facilities:					
Upper Holston projects (multiple-purpose).....	\$5, 253, 979	¹ \$12, 760, 765	\$2, 105, 244	\$15, 909, 500	\$690, 000
Other multiple-use facilities.....	3, 205, 500	587, 119	62, 119	3, 730, 500	159, 500
Other navigation facilities.....	550, 000			550, 000	31, 000
Investigations for future projects.....	90, 000			90, 000	3, 000
Total.....	9, 099, 479	13, 347, 884	2, 167, 363	20, 280, 000	883, 500
Chemical plant.....	8, 661, 000	1, 960, 353	250, 353	10, 371, 000	306, 000
General plant.....	735, 268	60, 183	10, 183	785, 268	20, 500
Total construction.....	18, 495, 747	15, 368, 420	2, 427, 899	31, 436, 268	1, 210, 000
Purchase of general equipment:					
General plant:					
Transportation equipment.....	989, 011	102, 489	142, 489	949, 011	
Other general equipment.....	176, 721	13, 279	13, 279	176, 721	
Total purchase of general equipment.....	1, 165, 732	115, 768	155, 768	1, 125, 732	
Retirements:					
Chemical plant.....	25, 000			25, 000	
General plant.....	—2, 000			—2, 000	
Total retirements.....	23, 000			23, 000	
Total acquisition (and retirement) of fixed assets.....	19, 684, 479	15, 484, 188	2, 583, 667	32, 585, 000	1, 210, 000
Operating costs:					
Navigation operations.....	305, 000			305, 000	24, 000
Flood-control operations.....	62, 000			62, 000	7, 000
Fertilizer and munitions research and development.....	1, 483, 000			1, 483, 000	157, 000
Resource development activities.....	6, 000, 000			6, 000, 000	400, 000
Total operating costs.....	7, 850, 000			7, 850, 000	588, 000
Adjustment for depreciation charged to construction and clearing accounts.....	—500, 000			—500, 000	
Total fixed assets and operations.....	27, 034, 479	15, 484, 188	2, 583, 667	39, 935, 000	1, 798, 000
General inventories (excluded in funds applied statement).....	23, 021	68, 466	68, 487	² (23, 000)	
Total appropriated funds.....	27, 057, 500	15, 552, 654	2, 652, 154		1, 798, 000

¹ Includes all of the unobligated balance from 1947 (\$12,056,521).

² Excluded from funds applied in accordance with instructions for preparation of budget documents.

TABLE II.—*Application of corporate funds, fiscal year 1948*

	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:		
Construction:		
Navigation, flood-control, and power facilities:		
Indirect construction costs recovered from income.....	\$135, 500	
Power facilities.....	24, 621, 000	\$769, 000
Total construction.....	24, 756, 500	769, 000
Retirements: Navigation, flood-control, and power facilities: Power facilities.....	-1, 968, 000	21, 000
Total acquisition (and retirement) of fixed assets.....	22, 788, 500	790, 000
Operating costs:		
Power operations.....	14, 826, 000	1, 076, 000
Chemical plant operations.....	10, 623, 000	690, 000
Maintenance of idle chemical properties.....	18, 000	
Operation of multiple-use facilities.....	4, 446, 000	450, 000
Reimbursable services.....	1, 038, 000	1, 000
Total operating costs.....	30, 951, 000	2, 217, 000
Retirement of bonds.....	2, 500, 000	
Payment to U. S. Treasury.....	8, 000, 000	
Total funds applied.....	64, 239, 500	3, 007, 000

The committee desires that a similar statement be submitted in the budget justification of the Authority when consideration is given to its budget program for the fiscal year 1949.

DEPARTMENT OF JUSTICE

FEDERAL PRISON INDUSTRIES

Federal Prison Industries, Inc., was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Net earnings by the Corporation from January 1, 1935, to June 30, 1946, total \$18,457,802. It paid a dividend of \$4,774,000 to the Treasury during the fiscal year 1946. This amount equals the original capital of the Corporation plus the net value of property transferred from other Government agencies without exchange of funds through June 30, 1945. It is to have paid an additional dividend of \$6,225,293 prior to June 30, 1947, and plans to pay another \$3,000,000 prior to June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$825,000	\$970,000
Expenses.....	8,927,994	¹ 8,944,340
Dividend payments to U. S. Treasury.....	6,225,293	3,000,000
Total funds applied.....	15,978,287	12,914,340
Funds provided:		
Revenue.....	10,097,994	10,090,259
Decrease in working capital.....	5,880,293	2,824,081
Total funds provided.....	15,978,287	12,914,340

¹ Includes administrative expenses, estimated at \$240,000, and reduced to \$225,000 by committee.

The item "Acquisition of assets" includes construction and improvement of buildings used for the industry's plant and acquisition of machinery and equipment under the Corporation's program of providing diversified employment. The Corporation's estimate of administrative expenses for the fiscal year 1948 have been reduced to \$240,000 from \$268,826 in 1947. Inasmuch as certain positions have been unfilled for some time, the committee feels that a small additional reduction can be made without jeopardizing the efficiency of the Corporation's operations. Therefore its administrative expenses for 1948 have been limited to \$225,000.

The financial statements presented to the committee were very clear and understandable and the committee commends the management for its clarity of presenting financial data. The committee also is of the opinion that the Federal Prison Industries has made a good record in general. It is hoped that this favorable record can be maintained in the future.

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The Corporation originally had an authorized capital stock of \$5,000,000. In 1928, this was increased to \$15,000,000. Of this amount, \$12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In

addition to this capital stock of \$12,000,000, the Corporation has paid-in surplus in excess of \$10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority to issue bonds or other long-term debt obligations.

At the time the budget program for the fiscal year 1947 was under consideration, the question was raised by the Secretary of Commerce as to whether or not the barge line should be sold regardless of the fact that all conditions of the act had not been met. The committee at that time recommended that the Corporation should not be sold until all of the requirements of the law had been met.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$2,255,000	\$2,200,000
Expenses.....	8,275,538	¹ 8,374,900
Increase in working capital.....		189,000
Total funds applied.....	10,530,538	10,763,900
Funds provided:		
Realization of assets.....	2,653,936	1,123,000
Revenue.....	7,815,400	9,640,900
Decrease in working capital.....	61,202	
Total funds provided.....	10,530,538	10,763,900

¹ Includes administrative expenses in amount of \$418,000.

The item "Acquisition of assets" includes approximately \$1,000,000 for the purchase of an articulated unit of a boat and a number of barges. One such unit is to be purchased in 1947. The principal new feature is that the front of the boat and the ends of the barges are square so that they will fit flush together. Basin tests of a model of this articulated unit indicate the possibility of phenomenal increases in efficiency and consequent economies. After the unit to be purchased in the fiscal year 1947 has been tested, and if the tests are successful, an additional unit is to be purchased in 1948. The balance of the \$2,200,000 is to be used for further modernization of floating equipment, including acquisition of additional barges and installation of three Diesel engines in operating boats.

Objections have been voiced regarding the Government's continuing to operate a barge line in competition with other carriers. In view of this fact and the fact that the barge line has not been operating at a profit, and since a comparatively large investment in new and improved equipment is proposed, the question of whether the Corporation is to continue its operation has been given consideration by the committee. The Select Committee on Small Business of the House had contemplated making a study of this question. Therefore this committee requested the Small Business Committee to expedite its consideration of the matter. After conducting hearings in various cities affected by the operations of the barge line, the Small Business Committee furnished to this committee a report with recommendations. A copy of that report is to be found on pages 54-58 of part 3 of the hearings. This committee concurs in principle in the recommendations expressed in the report of the Small Business Committee. On the assumption that the barge line will be continued as a going

concern for at least several years, whether under Government or private management, the committee has approved the Corporation's budget program without change. It is refreshing to note that although the barge line is handling an increased volume of business it has at the same time reduced its administrative expenses from a total of \$640,000 in the fiscal year 1947 to \$418,000 in 1948. The management of the Corporation at present is in the hands of an alert and able person, Mr. A. C. Ingersoll, Jr., and the committee is hopeful that the Inland Waterways will set an excellent example for other Government Corporations to follow. If the Government must remain in business there is no good reason why its commercial activities should not be conducted on a sound and profitable basis.

WARRIOR RIVER TERMINAL COMPANY

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this corporation has been owned by the Inland Waterways Corporation.

This Company was formed for the purpose of acquiring the standard gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The Company originally had an authorized capital stock of \$150,000. Only \$100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the Company's charter the capital stock was increased to \$1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately \$100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works for replacement of trestles with steel spans. The Company has no outstanding bonds or other long-term debt obligations.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$201,465	\$250,000
Expenses.....	253,270	1299,900
Increase in working capital.....	265	
Total funds applied.....	455,000	549,900
Funds provided:		
Revenue.....	455,000	500,500
Decrease in working capital.....		49,400
Total funds provided.....	455,000	549,900

¹ Includes administrative expenses in amount of \$20,100.

The item "Acquisition of assets" for 1948 covers the purchase of 50 coal cars. The Company has paid a dividend of \$75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years and subsequently, it is not anticipated that a dividend will be declared in 1948.

The report of the Small Business Committee with respect to the Inland Waterways Corporation also makes recommendations regarding the disposition of the Warrior River Terminal Company. The committee concurs in the recommendations of the Small Business Committee as made in its report.

DEPARTMENT OF INTERIOR

VIRGIN ISLANDS COMPANY

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people. The United States Government purchased a number of properties, including sugar plantations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the Company was established and there is little doubt but that the situation has been greatly improved by the activities of the Company which is the backbone of the economy of the island. The Company has never paid an actual profit and the only activity which appears to be profitable is the rum distillery. This Company has no Federal charter and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business.

A bill has been introduced in the House (H. R. 3108) for incorporating the Virgin Islands Corporation, the proposed successor to the present company. The Corporation would have a capital stock of \$2,000,000 subscribed by the United States. It is proposed that this Corporation would make every effort to place the Virgin Islands on a self-supporting basis and enable the inhabitants to maintain an adequate standard of living. Development of tourist trade is one of the projects being planned to this end. In view of the ideal climate it is not impossible under proper management that a substantial volume of tourist trade could be built up over a period of several years. The committee is gratified to note that the Department of the Interior is seeking to find a solution for the economic plight of these island people.

The committee desires to reiterate the stand of the committee a year ago that "it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery," and to express the hope that in the consideration of the pending legislation the whole question of the economy of the islands will be studied with this in view.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$11, 300	\$8, 000
Expenses.....	946, 900	¹ 1, 046, 700
Retirement of borrowings.....	20, 000	100, 000
Increase in working capital.....	187, 900	183, 000
Total funds applied.....	1, 166, 100	1, 337, 700
Funds provided:		
By paid-in surplus.....	800	
Revenue.....	1, 165, 300	1, 337, 700
Total funds provided.....	1, 166, 100	1, 337, 700

¹ Includes administrative expenses in amount of \$20,000.

Relatively minor expansion of the plant and equipment of the company is contemplated in 1948, as evidenced by the item "Acquisition of assets."

During the fiscal year 1946, programs carried on by the Company resulted in a net loss of \$78,509. For the fiscal years 1947 and 1948, the profit is estimated to be \$199,300 and \$268,400, respectively, before providing for income taxes which are estimated to be \$60,000 and \$85,000, respectively. This increase in profits results from the estimated increase in sales of sugar and rum. The operations of miscellaneous programs are expected to continue at a loss during 1947 and 1948. The sales from electricity are expected to produce enough revenue in 1948 to cover the cost of sales and provide a small profit. The net from the sale of rum, if realized as estimated, will finance the losses on the miscellaneous programs plus other expenses.

During 1946 the income almost equaled the expenditures on the sugar program, and it is expected that the income will at least equal the expenditures in 1947 and 1948. However, inadequate rainfall is an ever-present contingency and adverse weather conditions may easily result in the loss of an entire year's crop.

The budget program has been approved as submitted, including \$20,000 for administrative expenses in 1948, the same amount provided for the fiscal year 1947.

NATIONAL HOUSING AGENCY

OFFICE OF THE ADMINISTRATOR

The National Housing Agency was created by Executive Order 9070, issued February 24, 1942, and represented a consolidation of the civilian housing programs previously vested in 16 Government agencies.

The Agency consists of: the Office of the Administrator, which is responsible for assisting in the formulation of Federal housing programs, for supervising the execution of national housing policy, and for over-all coordination of the Agency's activities; the Federal Home Loan Bank Administration, with responsibilities for the supervision of building and loan and similar financial institutions and the establishment of credit facilities to protect their liquidity; the Federal Housing Administration, with statutory powers to insure mortgage loans made by private financial institutions on privately constructed and owned dwellings; and the Federal Public Housing Authority, which provides financial assistance, pursuant to the United States

Housing Act of 1937, in the construction and maintenance of low-rent slum-clearance housing projects and supervision in varying degrees over their management, and is also engaged in recreation, management, and disposition of temporary emergency housing under the veterans' housing and the public war-housing programs.

The Agency includes several activities which have been defined by section 101 of the Government Corporation Control Act as wholly owned Government corporations subject to the provisions of that act; namely, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation, which are administered within the Federal Home Loan Bank Administration; the Defense Homes Corporation; and the Federal Public Housing Authority (or United States Housing Authority).

During the first phase of the veterans' emergency housing program—from February 8, 1946, until the President revised the program in December—the Office of the Administrator carried out the major functions of the Housing Expediter, during a period when the same individual was both Administrator and Expediter. When the veterans' emergency housing program entered its second phase, the President made separate appointments to the posts of Administrator and Expediter.

The budget estimate submitted for the Office of the Administrator amounted to a total of \$1,215,000 of obligations for the fiscal year 1948. The amount for comparable activities during the 5½ months from January 11, 1947, was \$745,500. The estimate for 1948 reflected the new organization pattern of the Office of the Administrator subsequent to the separation of the function of the Housing Expediter from the National Housing Agency by Executive Order 9820, effective January 11, 1947. The following summary statement was included in the justification presented by the Administrator of the proposed 1948 budget program:

The Office of the Administrator has a responsibility under Executive Order 9070 for the basic research and fact finding which is necessary to discharge the responsibilities of the Federal Government in the field of housing as vested by law in the National Housing Agency. It exercises general supervision over the programs and general administration of constituents of the Agency. It is performing a broader coordinating function of all major activities of the Federal Government relating to housing through the work of the Coordinating Council which was established by the National Housing Administrator and meets with him at regular intervals.

The Administrator has, under provisions of the Lanham Act, primary responsibility for all funds appropriated for public war housing and veterans' housing, and for supervising the management and disposition of all such housing. In keeping with the functional allocation of activities within the National Housing Agency, the execution of this responsibility has been largely delegated to the Federal Public Housing Authority. Ultimate responsibility for this program remains, nevertheless, with the National Housing Administrator.

The Office of the Administrator serves as a point of contact on matters concerning or affecting housing activities of the Federal Government for the Congress, other Federal agencies, State and local governmental units, the building and construction industry, the general public, and foreign governments.

The means of financing the budget proposed for 1948 was presented by the Administrator as follows:

Transfers from constituents of NHA:

Federal Home Loan Bank Administration.....	\$67, 500
Federal Housing Administration.....	180, 000
Federal Public Housing Authority.....	202, 500
<hr/>	
Total from constituents.....	450, 000
Lanham Act, title V appropriation.....	100, 000
Operation, management, and disposition, public war housing.....	665, 000
<hr/>	
Total.....	1, 215, 000

The separate functions and programs are carried out by the various constituent units of the Agency, yet it proposes to use \$1,215,000 to superimpose a kind of master planning entity on top of these constituents, each of which maintains its own planning, coordinating, and administrative staff. While it is true that these constituent units all are concerned with a common element, housing, the activities of each is quite different from the others. The Federal Home Loan Bank Administration and its constituent units perform essentially a program of banking and extension and protection of credit. The Federal Housing Administration is an insurer. The Federal Public Housing Authority carries out what fundamentally is a social program. These activities are unrelated in more ways than they are similar.

The committee is unable to justify to the House the program presented for the Office of the Administrator, and accordingly has effected a drastic reduction in the funds available for 1948. The entire structure of Government corporations and independent agencies is today so confused with interagency borrowing, lending and transfers of funds that the most able of financiers and accountants are hard put to comprehend the over-all picture. In order that at least one segment of this confused situation may be clarified, the committee has provided that all the funds available to the Office of the Administrator, \$100,000 for the fiscal year 1948, shall be in the form of a direct appropriation from the Treasury, and from no other source. Such amount is adequate to preserve the administrative and policy supervision of the Office of the Administrator, and the committee proposes that, unless legislative provision is made to authorize and specify the duties and functions of the Office of the Administrator, the fiscal year 1948 is to be the last year of its existence.

OFFICE OF THE HOUSING EXPEDITER

The position of Housing Expediter was created in the Office of War Mobilization and Reconversion on December 12, 1945, primarily for the purpose of developing emergency measures to deal with the acute housing shortage as it affected veterans of World War II. The first Expediter was appointed on that same date. By Executive Order 9686, issued January 26, 1946, the President set forth in detail the functions and powers of the Housing Expediter including a direction that he formulate an emergency program and recommend necessary legislation. The Veterans' Emergency Housing Act, approved May 22, 1946, created the Office of the Housing Expediter, and included authorization for allocations and priorities, the use of premium payments to stimulate production of building materials, and the guarantee of markets for prefabricated houses and new type building materials. The same person, as authorized by the act referred to, was appointed

to serve in the dual capacity of Housing Expediter and Administrator of the National Housing Agency. By Executive Order 9820, issued January 11, 1947, these two functions were separated. By Executive Order 9836, issued March 22, 1947, all housing functions previously carried on by the Civilian Production Administration were transferred to the Office of the Housing Expediter. These include all of the administrative duties with respect to the limitations on nonessential and deferrable construction, the allocation and channeling of raw materials, and granting of priorities assistance to producers. In addition, the Office of Housing Expediter is charged with administering the compliance with all its regulations and orders.

The original estimate of salaries and expenses for the Housing Expediter, presented by the Budget Bureau, for the fiscal year 1948 amounted to \$12,450,000. This was subsequently revised downward to \$7,765,000, as shown on page 465 of part 1 of the hearings. This revision anticipated substantial relaxation and elimination of controls for the remainder of the calendar year 1947, and liquidation of the agency by January 1, 1948 was contemplated under the revised budget program. The committee is convinced that the program of trying to expedite the construction of residential housing has not been successful. It is doubtful that the funds expended have expedited construction at all, and more doubtful that the public has received real value for its funds so used. Reports are prevalent that building materials have become available in a volume that is beginning to saturate the market, and that price reductions in many lines are in the offing because supply is beginning to exceed demand. For these reasons, and because strong sentiment has been expressed in the Congress to the effect that this function should be terminated, the committee requested the Expediter to prepare an estimate of the cost of liquidating that office as of June 30, 1947. The estimate appears on page 474 of part 1 of the hearings. The exact amount of this estimate, \$3,539,080 is provided in the accompanying bill.

FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of (1) the Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Bank System is composed of 11 Federal home loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control

Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. There were formerly 12 such banks, but 2 were combined on March 29, 1946, reducing the number to 11. This system performs substantially the same function in the field of home mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at \$1,965,000, and reduced by the committee to \$1,250,000.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to \$5,000 for each account of investors in approved institutions.

The authorized and paid-in capital stock of the Corporation amounts to \$100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of \$3,000,000 per year. Deferment of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of \$5,771,-876,000 on 2,490 insured savings and loan associations as of June 30, 1946, the Corporation does not contemplate the return of any Government capital during 1948.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there were no such obligations outstanding as of June 30, 1946. In addition to the capital stock, surplus reserves amounted to \$67,350,194 on June 30, 1946, and will reach a total of \$74,869,000 by June 30, 1948.

The committee wishes to point out that the Federal Savings and Loan Insurance Corporation acts as insurer for savings in institutions whose assets total approximately $5\frac{3}{4}$ billion dollars. The home mortgage debt of the country at the beginning of the current calendar year was in excess of \$24,000,000,000, an all-time high. It is common knowledge that home prices are highly inflated. Competition between institutions for making loans contributes to inflating home values, and officials of mortgage-lending institutions too often supplement their salaries by commissions received in placing fire insurance on the homes covered by their mortgage loans.

In view of the period of time which has elapsed since premium rates and the ratio of reserves to cover losses was established for insuring deposits in savings and loan institutions, and the factors set

out above, the proper legislative committee should undertake a thorough study of the insurance extended by the Federal Savings and Loan Insurance Corporation. The officials of the Corporation should exercise their full discretion under the law to refuse to insure any institutions whose officials sell insurance or receive other fees (which thereby may directly or indirectly influence loan judgment) in addition to their salaries.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$10,893,000	\$17,787,000
Expenses.....	2,111,500	¹ 2,655,000
Total funds applied.....	13,004,500	20,442,000
Funds provided:		
Realization of assets.....	1,002,200	7,978,000
Revenue.....	11,230,600	12,046,800
Decrease in working capital.....	771,700	417,200
Total funds provided.....	13,004,500	20,442,000

¹ Included administrative expenses estimated at \$670,000, and reduced to \$532,000 by committee.

The Corporation has purchased \$3,500,000 worth of Government securities in 1947, and estimates that it will purchase an additional \$6,000,000 in 1948. Insurance premiums amounted to \$7,283,000 in 1947 and are estimated at \$8,090,000 in 1948. Contributions to insured institutions amounted to \$1,501,000 in 1947, and are estimated at \$1,929,000 in 1948. The estimate for administrative expenses in 1948 was \$670,000, which has been limited by the committee to \$532,000.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation. Through this process the Corporation is and has been proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue \$4,750,000,000 in bonds and on June 30, 1946 \$743,111,625 of such bonds were outstanding. It is expected that by June 30, 1948 the total bonds outstanding will have been reduced to \$300,999,625.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of the amount loaned. The total obligations of the Corporation at one time exceeded \$3,400,000,000 and it is now estimated that the deficit as of June 30, 1948, will be \$50,620,300.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,390,000	\$1,335,000
Expenses.....	10,990,000	18,013,000
Retirement of borrowings.....	239,112,000	203,000,000
Total funds applied.....	251,492,000	212,348,000
Funds provided:		
Realization of assets.....	218,963,000	189,368,000
Revenue.....	29,394,000	20,268,000
Decrease in working capital.....	3,135,000	2,712,000
Total funds provided.....	251,492,000	212,348,000

¹ Includes administrative expenses estimated at \$3,723,000, and reduced to \$3,000,000 by committee.

The Corporation has had no authority to make new loans except on resale of property to which title has been acquired through foreclosure for 11 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years pass and the administrative expenses should be progressively reduced. The committee has reduced the estimate of \$3,723,000, by \$723,000, to \$3,000,000. The committee is of the opinion that it is possible to sell all of the outstanding loans on the books at the present time at not less than face value without recourse. It should be possible to make such sales by areas or states, selling en bloc all the mortgages in a given area. The loans are for the most part paid down to where they are backed by sound mortgage collateral, and should be readily salable in large lots. Every effort should be made to expedite the liquidation of these loans without waiting for them to mature.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under the provisions of the National Housing Act, to encourage improvement in housing standards and conditions, to promote a stable home mortgage market, and to stimulate the flow of private capital into the field of home financing through the insurance of mortgages on dwellings. During the present year, the Federal Housing Administration has operated under three titles of the National Housing Act. These are title I, which authorizes partial insurance by the Federal Housing Administration of character loans made for renovation, improvement, and within certain limitations, construction of both residential and nonresidential properties; title II, which provides for insurance of home mortgages up to 80 to 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II, but

provides for appraisals on a current cost basis and higher coverage for emergency housing. Title VI was used during the years 1941-45 for insurance of privately financed war housing and was reinstated by the Congress in the spring of 1946 (Public Law 388, 79th Cong.) for insurance of veterans' housing. During normal times the Federal Housing Administration operates exclusively under titles I and II. The authority to insure new business under both titles VI and I, will expire on June 30, 1947, unless legislation extends such authority beyond that date. This will restrict insurance of new construction to title II, but will permit some refinancing under title VI and the usual insurance of existing construction under title II. None of the titles of the National Housing Act contemplates that the Federal Housing Administration either build houses or lend money.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance programs; and (3) administrative expenses of the departmental field staffs of the Federal Housing Administration. The net worth of all the various insurance funds on December 31, 1946, was \$134,000,000, of which all but an initial contribution of \$15,000,000, from funds of the Reconstruction Finance Corporation, has accrued from insurance operations. It is estimated that this net worth will increase to approximately \$160,000,000 by June 30, 1948.

Through December 31, 1946, a total of \$4,000,000 in dividends had been paid out to members of mutual insurance groups who have paid their mortgages in full. The annual rate of these dividends at the present time is \$1,500,000. This so-called mutuality under which dividends are paid is, in the opinion of the committee, a misnomer, since those entitled to receive dividends are not liable for a pro rata share of losses. The committee recommends that legislation be enacted to correct such a situation.

During its twelve and a half years of operation the Federal Housing Administration had insured loans amounting to nearly \$10,000,000,000. As of June 30, 1946, \$4,203,000,000 of these loans were outstanding. In view of the fact that this agency has been in existence during a period when the trend of real property values has been almost constantly rising, and fortunately has never been confronted with a period of declining residential prices, it is recommended that the appropriate legislative committee undertake a reexamination of the ratio of reserves maintained against loss contingencies.

The estimate presented for administrative expenses in the fiscal year 1948 was \$24,000,000. The amount for 1946 was \$11,416,543; and for 1947, \$17,624,000. The committee has limited such expenses in 1948 to the same amount as for 1947.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were:

- The United States Housing Authority.
- The slum-clearance projects of the Public Works Administration.
- Defense housing of the United States Housing Authority.
- The Division of Defense Housing of the Federal Works Agency.
- The Division of Mutual Ownership of the Federal Works Agency.
- The defense-housing program of the Public Buildings Administration.
- The housing of the War and Navy Departments (except projects on military and naval reservations).
- The nonfarm housing of the Farm Security Administration.
- Defense housing of the Farm Security Administration.
- The Defense Homes Corporation.

The functions of the Authority are divided into six major groups which are presented separately.

After the hearing on this bill last year, the committee had an investigation conducted with respect to the activities and budgetary requirements of local housing authorities and, in general, to make a thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures. The services of a small staff of trained and competent investigators were utilized for a period of more than 6 months. In the course of such investigation much light was thrown upon the activities of the central and regional offices of the Federal Public Housing Authority, which does not speak well for the manner in which this agency of Government has been managed and operated. The chief of the investigative staff and his assistant were called before the committee during the course of its hearings for interrogation with respect to their findings, and the testimony can be found beginning at page 314 of part 2 of the hearings. The Commissioner of the Federal Public Housing Authority was also interrogated regarding the questionable conditions and practices existent in the operations of the Authority.

The hearings are replete with instances of poor administration in the past and with questionable policies and practices at present.

The General Accounting Office made arrangements for an outstanding commercial accounting firm to undertake an audit survey of the books of FPHA. The report made to the General Accounting Office revealed on the part of FPHA an accounting situation so badly confused that a true audit could not be undertaken. It has been stated that virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation, because the conditions have not been remedied or eliminated, there is no alternative to the conclusions that may be reached.

It was brought out in the hearings that steps are presently being taken to correct this inexcusably bad accounting situation.

Instances of embezzlement of the funds of local housing projects by employees thereof came to the committee's attention. While in each of such known instances restitution of losses was effected and no Federal funds were lost, the Commissioner of FPHA insisted that it was incumbent upon him to determine whether any Federal criminal statute had been violated. The committee is of the opinion that such determination should properly be made only by the Attorney General and has requested him to investigate the embezzlements in question.

There are indications that labor unions are exercising an undue influence in at least some of the personnel actions taken by officials of FPHA. A case in point is cited on page 328 of part 2 of the hearings. A female employee of the Authority at San Diego, Calif., published a pamphlet on behalf of a labor union of Government employees attacking the management and publicizing her victory in an efficiency-rating appeal.

There are indications that travel performed at Government expense by employees of FPHA has been very loosely controlled and that the making of long-distance-telephone calls at Government expense has been subjected to abuse. The letting of construction contracts by FPHA officials has been shown to be questionable in some instances. Reports of inefficiency and incompetence in FPHA regional offices have reached the committee from several reliable sources.

The proportion of high-salaried personnel on the rolls of the FPHA is much higher than the over-all average for the Government as a whole and is much higher than that existent in any other Government agency which has come to the attention of the committee. Thirty-six percent of the total personnel of FPHA receive salaries above \$4,500 per annum, and the list of titles of the so-called specialists employed is startling. This, in connection with other considerations enumerated, has motivated the committee to effect a substantial reduction in the administrative expenses of FPHA. By reducing its percentage of high-salaried personnel, this agency can maintain an adequate and efficient staff for carrying out its proper functions. The committee has included a provision in the bill limiting the number of persons paid in excess of \$4,500 per annum to 20 percent of the total in order to bring the number of higher paid personnel in line with sound business practices.

In its hearings, which are published, the committee has sought to obtain and point out the facts regarding what appears to be in many respects a deplorable condition in a Government agency. The present Commissioner of FPHA cannot be held responsible for errors or irregularities which occurred prior to his incumbency in that position. Being apprised of such matters, the Commissioner is expected to institute such changes as may be necessary to put the FPHA house in order during the fiscal year 1948.

The estimate of administrative expenses of the Authority for the fiscal year 1948 was \$15,600,000. This has been reduced by the committee to \$10,400,000, an amount more nearly in keeping with the work the Authority is required to perform, and this sum is more than adequate to support all activities of FPHA in 1948 which are necessary in the public interest. The committee expects all reduc-

tions in personnel to be made in relation to activities other than those necessary to the proper handling and accounting for the public funds and property entrusted to the FPHA.

PUBLIC WAR HOUSING PROGRAM

In order to sustain the defense production program, the Congress during 1940 enacted the following legislation authorizing the provision of housing for defense workers: The Second Supplemental National Defense Appropriation Act, 1941, Public Law 781, approved September 9, 1940; and the Lanham Act, Public Law 849, approved October 14, 1940. Subsequently, authorizations and appropriations for temporary shelter for defense workers and in-migrant war workers were provided by Public Laws 9, 73, 140, 375, and 353. These acts provided for financing the required emergency housing entirely from Federal funds in localities in which an acute shortage of housing existed or impended and where such housing would not be provided by private capital.

Titles I and IV of the Lanham Act, as amended, authorized \$1,-515,000,000 for the development of war housing, and additional authorizations of \$320,000,000 were made under Public Law 9, as amended. As of June 30, 1946, allotments amounting to \$1,-560,000,000 had been made to the Federal Public Housing Authority from appropriations under these authorizations.

Section 303 of the Lanham Act, as amended, authorized the use of income derived from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a \$25,000,000 reserve for expenses in connection with the disposition operations of projects constructed with Lanham Act funds. This reserve has been established from the net income from project operations and sales proceeds from the disposition of terminated war housing. Of this reserve \$24,000,000 has been allocated to this program and \$1,000,000 to the homes conversion program.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$37, 440, 924	\$52, 142, 470
Expenses.....	55, 291, 200	50, 210, 200
Retirement of borrowings and capital.....	33, 441, 970	74, 824, 332
Increase in working capital.....	26, 109, 242	-----
Total funds applied.....	152, 283, 336	177, 177, 002
Funds provided:		
Realization of assets.....	71, 065, 636	109, 841, 830
Revenues.....	81, 217, 700	65, 669, 800
Decrease in working capital.....	-----	1, 665, 372
Total funds provided.....	152, 283, 336	177, 177, 002

Project revenues are estimated in gross for 1948 at \$65,669,800, which amount is partly offset by \$23,797,800 estimated as direct operating expenses of the projects.

The committee feels that the policies and methods which have been followed by FPHA in disposing of war housing, and especially sales of such housing to mutual ownership groups, are not in the public interest. Legislation is now pending (H. R. 3492) to transfer the entire function of disposing of this housing to another Government agency. The committee endorses the provisions of H. R. 3492 and urges that it be enacted by the Congress at the earliest possible date.

HOMES CONVERSION PROGRAM

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, and concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately \$90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of \$25,000,000 so authorized, \$1,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to return to the Treasury a substantial portion of the Government's initial outlay.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$304,164	\$201,300
Expenses.....	15,923,500	10,860,400
Retirement of borrowings and capital.....	9,242,882	10,263,694
Increase in working capital.....	579,754	
Total funds applied.....	26,050,300	21,325,394
Funds provided:		
Realization of assets.....	4,746,800	6,585,600
Revenue.....	21,303,500	14,441,300
Decrease in working capital.....		298,494
Total funds provided.....	26,050,300	21,325,394

At the end of the fiscal year 1946 there were 48,296 housing units under management and this figure will probably be reduced to 21,352 at the end of fiscal year 1948.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases as rapidly as possible, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

It is estimated that from revenue receipts and operating balances \$10,263,694 from fiscal year 1947 operations will be returned to the Treasury in 1948, and \$9,242,530 from 1948 operations should be returned in 1949.

VETERANS' RE-USE HOUSING PROGRAM

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, created severe hardship for veterans and their families unable to obtain shelter. It also caused distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and nonprofit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945, and for those local bodies desiring to develop their entire projects.

On December 28, 1945, the Congress appropriated \$191,900,000 to the National Housing Agency to carry out the purposes of title V and supplemented this by an additional appropriation of \$253,727,000 on April 22, 1946, making a total of \$445,627,000. A total of \$436,697,814 is to be transferred to the Federal Public Housing Authority to provide temporary dwellings for veterans.

It is hoped to provide through Federal financing and within the available funds, approximately 180,800 temporary dwelling accommodations through the re-use of federally owned structures. About 9,600 accommodations were provided by local bodies, which undertook removal and reuse prior to the appropriation of funds for this program and the local bodies will be reimbursed. Local bodies desiring to develop their entire programs on a reimbursable basis are expected to

provide approximately 700 accommodations. The balance of 170,500 federally financed accommodations are being developed by the Federal Public Housing Authority under contracts with local bodies.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$390,360,101	\$31,697,576
Expenses.....	796,700	937,400
Total funds applied.....	391,156,801	32,634,976
Funds provided:		
Revenue.....	8,345,000	11,586,000
Appropriations.....	10,570,814	
Decrease in working capital.....	372,240,987	21,043,976
Total funds provided.....	391,156,801	32,634,976

After giving effect to anticipated project net income, projected operations result in net program losses amounting to \$360,645,142 and \$54,340,626 respectively for the fiscal years 1947 and 1948. The bulk of the direct program costs are incurred during the fiscal year 1947. Project costs are carried on the books of account as assets until title to the projects is transferred to the local bodies, at which time the assets are written off and the loss is recorded.

Completion of the program has been seriously retarded by shortages of the materials and equipment required to place the re-used structures in livable condition. Costs have risen substantially over original estimates as the result of: (1) Inability to secure the contemplated number of surplus temporary war housing structures, because of continued high occupancy, thus leading to a greater use of surplus military structures, (2) delays in delivery of materials and equipment and lack of adequate labor supply, and (3) increase in labor rates and in costs of materials and equipment.

DEFENSE HOMES CORPORATION

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation is expected to have accomplished total liquidation of its assets by June 30, 1947. The Federal Public Housing Authority informed the committee that the Corporation would probably return to the Treasury as profits from operations and disposition of assets an amount in excess of \$5,000,000. However, the committee has been informed that sales of some of the larger housing units of the Corporation were not made for cash, but on the basis of the Corporation's receiving a relatively small cash payment and notes covered by

purchase money mortgages. These notes extend for many years, and in view of the type of construction involved it is felt that any computation of profits should be deferred until the notes are paid or sold. Inasmuch as the Corporation owes a substantial sum in the form of notes to the Reconstruction Finance Corporation, and since the Reconstruction Finance as principal creditor has a claim against the assets of the Corporation, the committee has provided in the bill that all the capital stock of the Defense Homes Corporation shall be transferred to the Reconstruction Finance Corporation. Provision has also been made for the transfer to the RFC of all assets, liabilities, and records of the Corporation. The RFC is to have full charge of the liquidation, including selection of personnel to be used for that purpose. This should result in the taxpayers getting an accurate picture of the net results of the Defense Homes Corporation when it is completely liquidated.

Instead of the budget estimate of \$12,300 for administrative expenses in 1948, the committee has provided an amount not to exceed \$3,000 which is to be available for payment of terminal leave only.

UNITED STATES HOUSING ACT PROGRAM

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412 to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the Authority to make loans to local public housing agencies to aid in financing slum clearance and the development of low-rent housing projects. To bring rents in the completed dwellings within financial reach of families in the lowest income groups, the Authority was empowered to make limited annual contributions, provided that the community would also make contributions toward the operation of the projects.

An important amendment to this act was added by Public Law 671, approved June 28, 1940. Under this amendment the unused portion of the borrowing authorization provided in the United States Housing Act of 1937 was made available for the construction of permanent housing to be used primarily for housing war workers for the duration of the war. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay prevailing rents for comparable accommodations. On a Presidential finding that such projects are no longer needed for housing war workers, however, the projects are required to be converted to low-rent use. Most of these projects have already received Presidential approval for conversion. As private housing becomes available for occupants whose incomes exceed the maximum allowable for tenants in low-rent projects, these occupants will be replaced by low-income families. These projects will then be on a basis of operation comparable to that of Public Law 412 projects.

An addition to the locally owned low-rent program is possible through the sale of federally owned permanent war-housing projects developed under the Lanham Act, Public Law 849, approved October 14, 1940. The Lanham Act requires the disposition of all war-housing projects but permits transfers for low-rent use only when specifically

authorized by Congress. In keeping with this provision of the act, it is the intention of the Federal Public Housing Authority to request authority of Congress for such transfers in those cases in which a community, through its local housing authority, desires to take over a project suitable for low-rent housing and the local government approves and supports the request.

Besides the locally owned projects which constitute the greater part of the low-rent program, the Federal Public Housing Authority has under management some federally owned projects. The main group of federally owned housing projects consists of those developed by the Public Works Administration Housing Division, which were subsequently transferred to the Authority by the President under a provision of the United States Housing Act. This transfer was effected under Executive Order 7732, dated October 27, 1937. The Public Works Administration projects were constructed by the Federal Government with appropriated funds, and consequently the capital cost of these projects is not repayable. They are operated in the same manner as locally owned low-rent projects, except that they are not eligible for annual contribution subsidies nor are any necessary since no debt service is required.

Another group of federally owned housing projects consists of Public Law 412 projects in Ohio. The Federal Government had to take title to these projects as a result of a decision by the Ohio Supreme Court, which denied tax exemption and eliminated the local contributions required under the United States Housing Act. These projects will return to local ownership when State legislative action is taken to permit their operation in accordance with the Housing Act.

Federally owned projects also include a small group of Public Law 671 projects. In order to expedite construction of housing urgently needed during the war, it was necessary for the Federal Government to engage in some direct construction under Public Law 671. These projects will be sold to local housing authorities for low-rent use, but it is not possible to finance the sale of the entire group of projects because of the legislative limitation on the amount of annual contributions that may be committed. As long as the Public Law 412 Ohio projects and the Public Law 671 projects remain under Federal ownership, they are not eligible for annual contributions.

The Authority was created as a "body corporate of perpetual duration" with \$1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act, as amended, provides a borrowing and a lending power amounting to \$800,000,000 and limits the total annual contributions for which the Authority may contract to a maximum of \$28,000,000 per year. Funds borrowed by the Federal Public Housing Authority under Public Law 412 were to be used for loans to local housing authorities covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of the development cost or direct construction by the Federal Government.

By June 30, 1946, the Authority had borrowed \$398,000,000, of which \$38,000,000 had been repaid, leaving \$360,000,000 outstanding. Long-term loans of \$348,097,000 had been made to local housing authorities, of which \$71,045,000 had been repaid by refunding operations and \$1,408,000 by advance repayments. Another \$2,507,217

was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1946, amounted to \$278,151,217. An amount of \$41,120,540 had been used for direct Federal Public Housing Authority construction of war-housing projects under Public Law 671. From private sources local housing authorities had obtained \$376,990,000. This amount is made up of \$147,594,000 in bonds and \$229,396,000 in temporary loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary. The total paid-in capital of \$195,596,284, as of June 30, 1946, consists of capital stock amounting to \$1,000,000, funds and property transferred from the Public Works Administration Housing Division amounting to \$140,746,284, and cumulative appropriations for the payment of annual contributions on low-rent projects in an amount of \$53,850,000.

The major activities under the United States Housing Act program may be divided into two groups: (a) Those connected with the development and capital financing of low-rent projects; and (b) those concerned with the management of projects and the payment of subsidies in the form of annual contributions.

DEVELOPMENT AND CAPITAL FINANCING OPERATIONS

Locally owned project—Public Laws 412 and 671.—Under the United States Housing Act, low-rent-housing activities are primarily a subject for local determination and control, the role of the Federal Government being limited chiefly to providing technical and financial assistance. Accordingly, title to locally owned projects and primary responsibility for their operation rests with local housing authorities established under the laws of the political subdivisions in which they are located.

Federal assistance can be provided only under conditions prescribed by the United States Housing Act. The local housing authority is required to establish that the locality has a real need for public low-rent housing; ascertain that at least 10 percent of the development cost can be financed from private capital; provide, by tax exemption, a local subsidy equal to at least one-fifth of the annual contribution to be provided by the Federal Public Housing Authority; assure the elimination of one slum unit for every new dwelling unit built; observe statutory dwelling cost limitations; and provide for an economical system of management operations. The local authority must also select and acquire a suitable site, secure proper zoning, prepare site and architectural plans, award the construction contract to the lowest responsible bidder, and supervise and inspect construction.

In furnishing technical and financial assistance, the Federal Public Housing Authority is responsible for reviewing and inspecting the operations of local authorities to assure compliance with the act. The Authority exercises this responsibility by enforcing the provisions of contracts under which it provides loans and agrees to pay annual contributions. The loans to local authorities bear interest at the rate of one-half of 1 percent above the going Federal rate on long-term bonds. Financial aid in the form of short-term loans is made available to local authorities during the early phases of project development. Permanent financing, which normally occurs after construction is approximately 75 percent complete, is accomplished by the

sale of two types of bonds—A bonds sold to private investors on the basis of competitive bids and B bonds sold to the Federal Public Housing Authority for the balance of the development cost. The entire loan and annual contribution authorizations provided in the act have been committed, but actual construction of a number of projects was deferred because of the war.

Approximately 90 percent of the short-term financing requirements during fiscal years 1947 and 1948 will be supplied by private investors at lower interest rates than the Federal Public Housing Authority is required by law to charge. The Authority's participation in short-term financing is estimated to be \$2,396,750 in fiscal year 1947 and \$3,568,250 in fiscal year 1948.

Refinancing of Public Law 412 projects now permanently financed will have a net effect of reducing the Federal Public Housing Authority's B bond holdings by \$21,610,000 in fiscal year 1947 and \$2,200,000 in fiscal year 1948. Net refunding operations are expected to decline to \$2,200,000 during fiscal year 1948 since the Authority's efforts, insofar as permanent financing operations are concerned, will be directed toward the permanent financing of Public Law 671 projects. By June 30, 1948, it is anticipated that all the Public Law 671 projects with fiscal years beginning October 1 and January 1 will be permanently financed and also 75 percent of those with fiscal years beginning April 1 and July 1. This will result in the purchase of \$5,256,000 of B bonds during fiscal year 1947 and \$15,036,000 in fiscal year 1948. Emergency corrections of war-caused construction deficiencies will also necessitate the purchase of an estimated \$300,000 of B bonds during fiscal year 1947 and \$300,000 during fiscal year 1948. It is estimated, further, that there will be permanent financing of reactivated projects in fiscal year 1948 which will result in the purchase of \$176,000 of B bonds.

The net effect of all anticipated transactions in B bonds will be a decrease of \$16,054,000 as of June 30, 1947, and an increase of \$13,312,000 as of June 30, 1948.

Federally owned projects.—No new direct development by the Federal Public Housing Authority is contemplated, but there will be an estimated expenditure of funds amounting to \$3,575,782 in fiscal year 1947 and \$1,437,492 in fiscal year 1948 for the liquidation of outstanding obligations, for final contract settlements, and for emergency corrections of war-caused deficiencies.

MANAGEMENT OPERATIONS

Locally owned projects—Public Laws 412 and 671.—As in the case of development operations, the local housing authority is required in the management of these projects to observe certain rules which are concerned with the eligibility of tenants, with rent-income ratios, with standards of physical operation and maintenance, and with accounting practices. The Federal Public Housing Authority reviews management operations of the local housing authority and audits its books to assure compliance with these rules.

Low-rent projects owned by local authorities have three sources of income: (a) rental income, (b) a contribution by the local community, and (c) a Federal annual contribution. Rental income of the projects depends upon the rent-paying ability of the tenants,

since a system of graded rents varying according to family income is generally used. In normal low-rent operation, the rental income is not sufficient to meet the project expenses, including operating costs, payment of interest, and amortization of capital costs. This deficit is met by the local and Federal contributions. The contribution by the local community is in the form of tax remission or exemption and represents the difference between full normal taxes and the actual payment in lieu of taxes made by the project. The remainder of the deficit is met by the Federal Government, with the limitation that the local contribution must be at least 20 percent of the Federal contribution and the limitation that the Federal contribution may not exceed the maximum contribution set in the contract for financial aid. In all cases the maximum Federal contribution that may be paid is an amount equal to the yield at the going Federal rate of interest at the time the contract is made plus 1 percent upon the total development cost of the project.

The Federal annual contribution actually paid equals the operating deficit of a project, after giving effect to the local subsidy. The operating deficit is determined by subtracting the total income from the total expenses. Total expenses consist of operating expenses; amounts reserved in the period for repairs, maintenance, and replacements, and for vacancy and collection losses; and the amounts expended for debt service and payments in lieu of taxes.

Thus an increase in the amount of operating expenses and other items that are deducted from rental income of and local contributions to local housing projects, results in a proportional increase in the amount of contributions which the Federal Government is expected to pay to maintain their low-rent character.

It has been ascertained that there is some laxity in checking on the income of tenants in low-rent projects. (See pp. 314-316 of part 2 of the hearings.) Failure to assess every tenant the amount of rent he should pay based on his current income results in raising the amount of the Federal contribution. A large amount of impounded liquid funds is being held by the authorities of local housing projects as reserves which have been built up and continue to increase as charges to operating expenses, thereby increasing the Federal contribution. These reserves aggregate at least \$40,000,000. The various categories are working capital reserve, reserve for repairs, maintenance, and replacements, reserve for vacancy and collection losses, debt service reserve, reserve for working capital, reserve for operating improvements, and reserve for contingencies. Statements describing these reserves are to be found beginning on pages 106 and 321 of part 2 of the hearings. While charging these reserves as expenses in permitted under the contracts between FPHA and the various local housing projects, such practice is not expressly authorized by law with respect to locally owned housing projects. Although the general counsel of FPHA has submitted an opinion contending that these reserves are legally authorized (page 266 of pt. 2 of the hearings) the committee feels that such policy is of doubtful legality. In any event the committee cannot subscribe to the payment of full contributions to local projects holding reserves which are beyond all proportion to the financial requirements for maintaining their low-rent character. Accordingly, a limitation has been imposed upon the appropriation for the payment of contributions in the fiscal year 1948, requiring that

no contribution shall be paid to a local project unless the amount otherwise due or payable is reduced by one-half the amount of reserves outstanding on its books. Also, the budget estimate of \$7,200,000 for the appropriation for payment of Federal contributions has been reduced by the committee to \$2,200,000. The committee recommends that the proper legislative committee undertake a thorough study and review of this entire reserve policy with a view to recommending any legislation which may be necessary to enforce the intent of the Congress in this matter.

Another policy of the FPHA permits local housing projects to make voluntary payments in lieu of taxes in excess of the rate specified in its contract up to 10 percent of what is designated as shelter-rent. This practice, the committee feels to be of doubtful propriety and legality, and it has been provided in the bill that the funds appropriated for contributions cannot be used for payments to local projects making payments in lieu of taxes in excess of the rate specified in the original contract with FPHA. Information regarding payments in lieu of taxes is to be found beginning on pages 202, 232, 252, and 317 of part 2 of the hearings.

Owing to the doubtful legality of the afore-mentioned practices, the committee has imposed a further provision on the funds appropriated for contributions to local housing projects whereby all payments of such funds are subject to audit and final settlement by the Comptroller General of the United States. Heretofore the Comptroller General has not had such power with respect to these contributions and could not hold up payments of doubtful propriety. Any question as to the legality of such payments will now be resolved by the Comptroller General.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$14,398,532	\$21,093,742
Expenses.....	14,489,678	17,408,444
Retirements of borrowing and capital.....	20,000,000	4,905,019
Total funds applied.....	48,888,210	43,407,205
Funds provided:		
Realization of assets.....	24,853,700	4,718,900
Revenues.....	13,184,773	12,367,274
Borrowings and appropriations.....	8,300,000	23,300,000
Decrease in working capital.....	2,549,737	3,021,031
Total funds provided.....	48,888,210	43,407,205

SUBSISTENCE HOMESTEAD AND GREENTOWNS PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief

Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachment by a Greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. Through June 30, 1946, 1 project of 50 units and 3 individual units had been declared surplus. In addition, 738 individual unit sales had been negotiated. As of July 1, 1946, 14 subsistence homestead projects and 3 greenbelt towns were under direct operation by the Federal Public Housing Authority.

Development of this program was financed from appropriated funds, and assets representing \$65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Expenses.....	\$1, 613, 200	\$1, 476, 100
Retirement of borrowings and capital.....	3, 202, 728	1, 686, 224
Total funds applied.....	4, 815, 928	3, 162, 324
Funds provided:		
Realization of assets.....	1, 794, 800	1, 590, 781
Revenue.....	1, 749, 805	1, 490, 450
Decrease in working capital.....	1, 271, 323	81, 093
Total funds provided.....	4, 815, 928	3, 162, 224

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration. Projects are being sold either as units to individual tenants or in their entirety to tenant homestead associations depending on whether or not maintenance and operation of community facilities is involved. Sales prices are being determined in conformity with commitments made by the agency of the Federal Government which originally had jurisdiction over these projects; or, in the absence of

such commitments, are being based on the fair market value of the property. The terms of the sale provide for repayment of the purchase price over a period not to exceed 40 years, with interest at 3 percent. Advance repayments of the principal are being encouraged. Schools, streets, and other public ways will, where appropriate, be dedicated to local governments. Utility installations and community, commercial, and service facilities now owned by the Federal Government will be disposed of in a manner to assure their continued operation. Land and other properties held in connection with the program and not otherwise being disposed of will be declared surplus to the War Assets Administration as rapidly as possible.

As of June 30, 1946, 3 projects of 605 units had been disposed of, while other projects had been partially disposed of to the extent of 136 units. During fiscal year 1946, lease-purchase contracts were executed for 138 individual units, and 1 project of 50 units, made untenable by floods, was declared surplus. During the fiscal year 1947, it is anticipated that lease and purchase contracts will have been executed for 203 units, and 516 units will have been sold. Lease and purchase contracts will be executed for 317 units during the fiscal year 1948, and 46 units will be sold. Dedication of community facilities and public ways is expected to be completed during the fiscal year 1947.

No disposition of housing units of the greentowns is contemplated by the Federal Public Housing Authority during the fiscal year 1948. The committee recommends that the appropriate legislative committee give consideration to reviewing the status of these towns and to possible transfer of the duty of their disposal to another Government agency.

DEPARTMENT OF AGRICULTURE

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) to provide funds for making loans to farmers by the land bank commissioner; (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency; and (3) to

make loans to joint stock land banks. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time \$2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States. Public Law 505, of July 12, 1946, extended the lending authority of the Corporation to July 1, 1947. New loans to farmers will not be made during the fiscal year 1948 unless the lending authority of the Land Bank Commissioner is extended beyond July 1, 1947 by legislation. It is expected that the activities of the Corporation in 1948 will be restricted to a program of liquidation.

*Condensed statement of sources and application of funds for the fiscal years
1947 and 1948*

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$16, 187, 800	\$25, 413, 900
Expenses.....	4, 661, 800	¹ 3, 303, 800
Retirement of borrowings and capital.....	53, 214, 400	10, 490, 000
Increase in working capital.....		3, 224, 900
Total funds applied.....	74, 064, 000	42, 432, 600
Funds provided:		
Realization of assets.....	62, 236, 700	36, 262, 300
Revenues.....	8, 150, 200	6, 170, 300
Decrease in working capital.....	3, 677, 100	
Total funds provided.....	74, 064, 000	42, 432, 600

¹ Includes administrative expenses estimated at \$3,235,000, and reduced to \$2,750,000 by committee.

Although no new loans to farmers are contemplated in 1948, it may be necessary for the Corporation to refinance some loans closed in the name of the Land Bank Commissioner prior to July 1, 1947. Such contingencies are not provided for in the 1948 budget.

The earned surplus of the Corporation as of July 1, 1947 is estimated to be \$102,649,340.

Administrative expenses for the fiscal year 1948 were estimated at \$3,235,000. This has been reduced by the committee to \$2,750,000.

FEDERAL INTERMEDIATE-CREDIT BANKS

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate-credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employecs, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four

institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1946, totaled \$92,376,317. It is expected that this figure will reach \$94,286,617 by June 30, 1948.

During the year ended June 30, 1946, the banks made loans and discounted paper amounting to \$909,298,726 and received repayments of \$877,273,257. For 1947, lending activities are estimated at \$961,574,100, with repayments of \$922,926,900, and for 1948 at \$1,007,341,700, with repayments of \$985,485,800.

As of June 30, 1946, the banks had outstanding unmatured debentures and notes amounting to \$310,895,000 and it is anticipated that these obligations will total \$378,112,000 by June 30, 1948.

*Condensed statement of sources and application of funds for the fiscal years
1947 and 1948*

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$969,312,600	\$1,016,341,700
Expenses.....	4,775,400	¹ 5,299,500
Retirement of borrowings and distribution of surplus.....	577,325,600	673,536,600
Increase in working capital.....	7,339,400	1,640,900
Total funds applied.....	1,558,753,000	1,696,818,700
Funds provided:		
Realization of assets.....	930,665,500	994,845,800
Revenues.....	6,004,500	6,396,900
Borrowings.....	622,083,000	695,576,000
Total funds provided.....	1,558,753,000	1,696,818,700

¹ Includes administrative expenses estimated at \$1,755,000 and reduced to \$1,250,000 by committee.

Administrative expenses for the fiscal year 1948 were estimated at \$1,755,000. This amount has been reduced by the committee to \$1,250,000.

PRODUCTION-CREDIT CORPORATIONS

The 12 production-credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production-credit system was an outgrowth of various efforts to cure long-standing weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production-credit associations. The active associations, of which there were 505 on June 30, 1946, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of \$7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of \$120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full \$120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1946, the surplus of all the corporations aggregated \$15,558,370, or 15.4 percent of their paid-in capital. This surplus not only safeguards the paid-in capital against impairment but directly influences the amount of paid-in capital required.

Pursuant to the policy of retiring the capital stock of corporations to the extent feasible, repayments were made to the revolving fund in the United States Treasury in the sum of \$5,000,000 in April 1944, \$6,700,000 in April 1945, and \$7,050,000 in May 1946. On June 30, 1946, the aggregate paid-in capital of the corporations was \$101,250,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure.

Because of the anticipated continued improvement in the financial condition of the production credit associations through 1948, it is estimated that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from \$95,950,000 to \$91,150,000 and thereby return \$4,800,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$8,558,500	\$7,876,700
Expenses.....	1,650,000	¹ 1,702,000
Retirement of capital.....	5,300,000	4,800,000
Total funds applied.....	15,508,500	14,378,700
Funds provided:		
Realization of assets.....	13,676,700	12,478,300
Revenues.....	1,806,800	1,792,300
Decrease in working capital.....	25,000	108,100
Total funds provided.....	15,508,500	14,378,700

¹ Includes administrative expenses estimated at \$1,702,000 and reduced to \$1,600,000 by committee.

The local associations have used accumulated reserves to reduce materially the investment of production credit corporations in their capital stock. As of January 1, 1947, 12 production credit associations, having \$50,000 or less of their stock owned by production credit corporations, had fully returned such investment. The rapidity with which the total investment of this nature can be eliminated is affected by the volume of farmers' income generally. The estimate of \$1,702,000 for administrative expenses in 1948 has been reduced by the committee to \$1,600,000.

REGIONAL AGRICULTURAL CREDIT CORPORATION

Following an extreme credit stringency during 1930-31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural credit corporation in any Federal-land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal-land-bank district were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from \$44,500,000 in 1933 to \$100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of \$22,000,000, consisting of various amounts paid in by the United States. There is a current deficit of approximately \$7,700,000.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,766,000	\$1,685,000
Expenses.....	341,500	1300,200
Increase in working capital.....	834,673	-----
Total funds applied.....	2,942,173	1,985,200

¹ Includes administrative expenses estimated at \$300,000, and reduced to \$200,000 by committee.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948—Continued

	1947, estimated	1948, estimated
Funds provided:		
Realization of assets.....	\$2, 491, 773	\$1, 612, 000
Revenues.....	118, 400	88, 300
Capital and surplus subscriptions.....	332, 000	
Decrease in working capital.....		284, 900
Total funds provided.....	2, 942, 173	1, 985, 200

Administrative expenses, estimated in the budget program at \$300,000, for 1948 have been reduced to \$200,000 by the committee.

DEPARTMENT OF STATE

OFFICE OF INTER-AMERICAN AFFAIRS

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Prior to the fiscal year 1947, funds were provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1948 budgets represent depletion of capital.

Only two of the corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, will be operating actively in 1948 and the programs of both will be completed during the fiscal year 1949.

The committee has approved the budget estimate of funds to be appropriated for 1948, amounting to \$7,000,000 for the Institute of Inter-American Affairs and \$1,115,000 for the Inter-American Educational Foundation, which funds are for the payment of obligations authorized by law. Administrative expenses have been reduced from the estimate of \$788,000 to \$550,000 for the Institute of Inter-American Affairs. The estimate of \$400,000 for administrative expenses of the Inter-American Educational Foundation, Inc., has been reduced to \$250,000 in the bill.

The Institute of Inter-American Transportation and Preneinradio, Inc. are presently in the process of dissolution. The committee has provided that under the head of administrative expenses funds shall be available only for payment of terminal leave. Provision has also been made that such administrative duties and responsibilities as may be necessary during the course of dissolution are to be assumed by such officers and employees of the Department of State as the Secretary of State may designate and that such persons are not to be paid salaries additional to their departmental pay. A provision has also been included in the bill directing that final dissolution and liquidation of these Corporations is to be carried out as rapidly as practicable.

The Inter-American Navigation Corporation is completely liquidated.

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948

INSTITUTE OF INTER-AMERICAN AFFAIRS

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1, 557	\$342
Expenses.....	9, 118, 516	¹ 6, 929, 252
Increase in working capital.....		245, 406
Total funds applied.....	9, 120, 073	7, 175, 000
Funds provided:		
Contributions and reimbursable operations.....	363, 927	175, 000
Appropriations.....	3, 736, 892	7, 000, 000
Decrease in working capital.....	5, 019, 254	
Total funds provided.....	9, 120, 073	7, 175, 000

INTER-AMERICAN EDUCATIONAL FOUNDATION, INC.

Funds applied:		
Acquisition of assets.....	\$33, 600	\$9, 600
Expenses.....	1, 913, 191	² 1, 565, 730
Total funds applied.....	1, 946, 791	1, 575, 330
Funds provided:		
Contributions from other American Republics.....	170, 769	141, 338
Appropriations.....	1, 083, 577	1, 115, 000
Decrease in working capital.....	692, 445	318, 992
Total funds provided.....	1, 946, 791	1, 575, 330

INSTITUTE OF INTER-AMERICAN TRANSPORTATION

Funds applied:		
Acquisition of assets.....	\$300	\$100
Expenses.....	290, 046	³ 15, 700
Retirement of borrowings and capital.....	200, 000	
Total funds applied.....	490, 346	15, 800
Funds provided:		
Realization of assets.....	5, 583	
Decrease in working capital.....	484, 763	15, 800
Total funds applied.....	490, 346	15, 800

PRENCINRADIO, INC.

Funds applied:		
Expenses.....	\$30, 464	⁴ \$21, 487
Retirement of borrowings and capital.....	88, 125	
Total funds applied.....	118, 589	21, 487
Funds provided:		
Realization of assets.....	87, 125	16, 786
Revenue.....	1, 460	176
Decrease in working capital.....	30, 004	4, 525
Total funds provided.....	118, 589	21, 487

¹ Includes administrative expenses estimated at \$783,000 and reduced to \$550,000 by committee.

² Includes administrative expenses estimated at \$400,000 and reduced to \$250,000 by committee.

³ Amount estimated for administrative expenses. Reduced by committee to \$3,000 and limited to payment of terminal leave only.

⁴ Includes administrative expenses estimated at \$8,850, and reduced by committee to \$2,000 for payment of terminal leave only.

AMENDMENT OF SECTION 104 OF THE GOVERNMENT CORPORATION CONTROL ACT

Section 104 of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads:

SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be constructed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations.

In reporting H. R. 3660, which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement (H. Rept. 856, 79th Cong., p. 12) in explaining the procedure to be followed under section 104:

It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government.

The Senate committee in reporting the same bill after its passage by the House (S. Rept. 694, 79th Cong., p. 5) made the following statement:

The Congress will consider these budget programs and enact legislation making available such funds or other financial resources, with such directives and limitations, as it may deem necessary. In this manner Congress will for the first time have a systematic procedure for annually scrutinizing and passing upon the budgets of the Government corporations as it now does for the regular agencies of the Government.

The language of section 104, as it has been interpreted, leaves substantial doubt of the authority of the Committee on Appropriations to report to the House limitations on the activities and programs of the Government corporations, so the committee has included in the bill, for consideration by the House, a redraft of section 104 which will clarify the situation and put the Congress, in consideration of the annual budgets of the corporations, in position to place such limitations on the use of corporate funds as may be necessary to carry out the will of the Congress. It is not the committee's purpose or desire to go beyond the intention of the committees which wrote the original legislation as expressed in their reports quoted above. The committee does believe, however, that in view of interpretations which have been placed on section 104, it is necessary to amend the section if it is to give effect to the intention of the act. Consideration of two annual budgets of the corporations brings the Committee on Appropriations to the conclusion that an annual review of the fiscal activities of the corporations is just as important as an annual review

of the fiscal activities of administrative agencies. To clothe a Government corporation with broad powers extending over a long period of years is to place that corporation in position to carry on activities to a degree and in a manner not consonant with the general condition of the Federal finances and which may be entirely out of tune with the policies of the Congress. The Congress is the policy-making branch of the Government and, as such, cannot delegate that power unrestricted over a long period of time without surrendering an important function necessary to be retained if the Congress is to give the kind of attention to the people's business which the Constitution contemplates.

The Federal Treasury is no bottomless pit, and the present staggering debt, \$258,000,000,000, makes it imperative that the Congress keep within its immediate control on a year to-year basis all possible drains on the Treasury. To distinguish between administrative agencies for which direct appropriations are made annually and the corporations which are said to operate on their own funds but which in reality acquire those funds by drawing on the Treasury of the United States and to permit such corporations to draw on the public purse *ad libitum* is, in the judgment of the committee, somewhat illogical. A Government corporation is a Government agency, and if Government agencies should be restricted in their use of Federal funds, then the corporations cannot be left out of control.

MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

The requirements of the Government Corporations Control Act for the submission of annual budgets are applicable to wholly owned Government corporations only. There are certain of the so-called mixed-ownership Government corporations (that is, corporations the stock of which is partially owned by the Government and partially owned by other interests) which, in the judgment of the committee should be subjected to the same degree of control as the wholly owned Government corporations. The Government's financial stake in them is such that to leave them free of this control is to leave a large segment of the Government's business interests (which could result in heavy drains on the public purse) without the close supervision of the Congress which can only be obtained through annual budget review.

Therefore the committee has included, as section 308 of the bill, an amendment to section 101 of the Government Corporations Control Act to provide for the submission of annual budgets by (1) the Central Bank for Cooperatives and the Regional Banks for Cooperatives, (2) Federal Home Loan banks, and (3) the Federal Deposit Insurance Corporation.

COMPLIANCE WITH CLAUSE 2A OF RULE XIII

The following is submitted in compliance with clause 2a of Rule XIII:

EXISTING LAW

Section 104 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act):

"SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations."

Section 101 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act):

"SEC. 101. As used in this Act the term 'wholly owned Government corporation' means the Commodity Credit Corporation; Federal Intermediate Credit Banks; Production Credit Corporations; Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; The Virgin Islands Company; Federal Prison Industries, Incorporated; United States

IN PENDING BILL

Section 307 of the accompanying bill:
"SEC. 307. Section 104 of the Government Corporations Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. Except as provided in such legislation, the provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations, as such authority may be necessary to the execution of an approved budget program'."

Section 308 of the accompanying bill:
"SEC. 308. Section 101 of the Government Corporations Control Act (Public Law 248, Seventy-ninth Congress) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed-ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation.'"

Spruce Production Corporation; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or United States Housing Authority) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Panama Railroad Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated."

Comparison of appropriations for 1947, estimates for 1948, and amounts carried in the bill for 1948

Agency	Appropriations, 1947	Budget estimates, 1948	Recommended in bill, 1948	Increase (+) or decrease (-), bill compared with 1947 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1948
Tennessee Valley Authority-----	\$39,906,000	¹ \$27,057,500	\$22,143,500	-\$17,762,500	-\$4,914,000
Housing Expediter-----	² \$ 6,457,500	7,765,000	3,539,080	-2,918,420	-4,225,920
National Housing Agency:					
Office of the Administrator-----	(³ ⁵)	(⁴)	100,000	+100,000	+100,000
Federal Public Housing Authority-----	8,300,000	7,200,000	2,200,000	-6,100,000	-5,000,000
Department of State:					
Institute of Inter-American Affairs-----	3,456,710	7,000,000	7,000,000	+3,543,290	-----
Inter-American Educational Foundation, Inc.-----	1,083,577	1,115,000	1,115,000	+31,423	-----
Total-----	59,203,787	50,137,500	36,097,580	-23,106,207	-14,039,920

¹ Exclusive of \$15,552,654 unexpended balance of 1947 appropriation continued available in 1948.² Received by transfer from "Salaries and expenses, Office of the Administrator and Expediter, National Housing Agency."³ Salaries and expenses in 1947 were obtained by transfer from constituent units of the National Housing Agency, in estimated amount of \$745,500.⁴ Budget contemplated transfer of salaries and expenses from constituent units of National Housing Agency in estimated amount of \$1,215,000.⁵ Represents 5½ months from Jan. 11, 1947 (the effective date of Executive Order 9820), to June 30, 1947.

ADMINISTRATIVE EXPENSES

[Limitations on amounts of corporate funds to be expended]

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Export-Import Bank-----	\$780,000	\$842,000	\$800,000	+\$20,000	-\$42,000
Panama Railroad Company-----	760,000	779,700	750,000	-10,000	-29,700
Tennessee Valley Association Co-ops-----	2,500	2,500	¹ 2,500	-----	-----
National Housing Agency:					
Federal Home Loan Bank Administration-----	1,641,000	1,965,000	1,250,000	-391,000	-715,000
Federal Savings and Loan Insurance Corporation-----	550,000	670,000	532,000	-18,000	-138,000
Home Owners' Loan Corporation-----	4,650,000	3,723,000	3,000,000	-1,650,000	-723,000
Federal Housing Administration-----	17,624,000	24,000,000	17,624,000	-----	-6,376,000
Federal Public Housing Authority-----	19,900,000	15,600,000	10,400,000	-9,500,000	-5,200,000
Defense Homes Corporation-----	106,400	12,300	² 3,000	-103,400	-9,300

¹ For administrative expenses related to liquidation.² For payment of terminal leave only.

ADMINISTRATIVE EXPENSES—Continued

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Department of Agriculture:					
Federal Farm Mortgage Corporation-----	\$4,050,000	\$3,235,000	\$2,750,000	-\$1,300,000	-\$485,000
Federal Intermediate Credit Banks-----	1,585,000	1,755,000	1,250,000	-335,000	-505,000
Production credit corporations-----	1,650,000	1,702,000	1,600,000	-50,000	-102,000
Regional Agricultural Credit Corporation-----	341,000	300,000	200,000	-141,000	-100,000
Department of Commerce:					
Inland Waterways Corporation-----	640,000	418,100	418,100	-221,900	-----
Warrior River Terminal Company-----	20,200	20,100	20,100	-100	-----
Department of the Interior: Virgin Islands Company-----	20,000	20,000	20,000	-----	-----
Department of Justice: Federal Prison Industries Inc.-----	268,826	240,000	225,000	-43,826	-15,000
Department of State:					
Institute of Inter-American Affairs-----	774,400	788,000	550,000	-224,400	-238,000
Institute of Inter-American Transportation-----	50,500	15,700	23,000	-47,500	-12,700
Inter-American Educational Foundation-----	365,000	400,000	250,000	-115,000	-150,000
Prencinradio, Inc-----	11,000	8,850	22,000	-9,000	-6,850
Total-----	55,789,826	56,497,250	41,649,700	-14,140,126	-14,847,550

80TH CONGRESS
1ST SESSION

[Report No. 544]

JUNE 9, 1947

Mr. JENSEN, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1948, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including not to exceed \$13,000,000 for the construction of South Holston Dam and Watauga Dam and including not to exceed \$6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of two hundred and twenty-one and hire of passenger motor vehicles; penalty mail (not to exceed \$20,000); \$22,143,500, together with the unexpended balance of funds heretofore appropriated (the unobligated portion of such unexpended balance to be expended only for public works commenced prior to July 1, 1947), to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations.

HOUSING EXPEDITER

Salaries and expenses, Housing Expediter: For all expenses, including penalty-mail costs, necessary to the liquidation of the Office of the Housing Expediter, which liquidation shall be completed by June 30, 1948, \$3,539,080, of which \$1,900,000 shall be available exclusively for terminal leave.

1 NATIONAL HOUSING AGENCY

2 OFFICE OF THE ADMINISTRATOR

3 Salaries and expenses, Office of the Administrator,
4 \$100,000, including cost of penalty mail: *Provided*, That
5 the cost of terminal leave of any personnel of the Office of
6 the Administrator shall be paid out of funds available for
7 administrative expenses to the constituent units of the Na-
8 tional Housing Agency: *Provided further*, That, other than
9 for payment of terminal leave, no funds of the constituent
10 units of the National Housing Agency or any other depart-
11 ment or agency of the Government shall be available for
12 the use or expenditure of, or the detail of personnel other
13 than the Administrator, to the Office of the Administrator.

14 FEDERAL PUBLIC HOUSING AUTHORITY

15 Annual contributions: For the payment of annual con-
16 tributions to public housing agencies in accordance with
17 section 10 of the United States Housing Act of 1937, as
18 amended (42 U. S. C. 1410), \$2,200,000: *Provided*, That
19 except for payments required on contracts entered into prior
20 to April 18, 1940, no part of this appropriation shall be
21 available for payment to any public housing agency for
22 expenditure in connection with any low-rent housing project,
23 unless the public housing agency shall have adopted regula-

1 tions prohibiting as a tenant of any such project by rental or
2 occupancy any person other than a citizen of the United
3 States, but such prohibition shall not be applicable in the
4 case of a family of any serviceman or the family of any
5 veteran who has been discharged (other than dishonorable)
6 from, or the family of any serviceman who died in, the
7 armed forces of the United States within four years prior
8 to the date of application for admission to such housing:
9 *Provided further*, That no part of this appropriation shall
10 be used to pay any public housing agency any contribution
11 occasioned by payments in lieu of taxes in excess of the
12 amount specified in the original contract between such agency
13 and the Federal Public Housing Authority: *Provided*
14 *further*, That no part of this appropriation shall be used to
15 pay more than the annual contribution that otherwise
16 would be due or payable with respect to any public housing
17 agency less an amount equal to one-half the total sum shown
18 on the books of such agency as of March 31, 1947, as
19 working capital reserve, reserve for repairs, maintenance and
20 replacements, reserve for vacancy and collection losses, and
21 all other reserves: *Provided further*, That all expenditures
22 of this appropriation shall be subject to audit and final settle-
23 ment by the Comptroller General of the United States under
24 the provisions of the Budget and Accounting Act of 1921,
25 as amended.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$7,000,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of The Institute of Inter-American Affairs.

INTER-AMERICAN EDUCATIONAL FOUNDATION,

INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,115,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of the Inter-American Educational Foundation, Incorporated.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to

1 fiscal year limitations as provided by section 104 of the
2 Government Corporation Control Act, as may be necessary
3 in carrying out the programs set forth in the Budget for the
4 fiscal year 1948 for each such corporation or agency, except
5 as hereinafter provided:

6 INDEPENDENT AGENCIES AND CORPORATIONS

7 Export-Import Bank of Washington: Not to exceed
8 \$800,000 (to be on an accrual basis) of the funds of the
9 Export-Import Bank of Washington shall be available during
10 the fiscal year 1948 for all administrative expenses of the
11 Bank, including not to exceed \$100 for periodicals, \$200 for
12 newspapers, and \$200 for maps; health service program as
13 authorized by the Act of August 8, 1946 (Public Law 658),
14 and not to exceed \$24,000 for temporary services, as author-
15 ized by section 15 of the Act of August 2, 1946 (Public
16 Law 600) : *Provided further*, That necessary expenses (in-
17 cluding special services performed on a contract or fee basis,
18 but not including other personal services) in connection with
19 the acquisition, operation, maintenance, improvement, or dis-
20 position of any real or personal property belong to the Bank
21 or in which it has an interest, including expenses of collec-
22 tions of pledged collateral, or the investigation or appraisal
23 of any property in respect to which an application for a loan
24 has been made, shall be considered as nonadministrative
25 expenses for the purposes hereof.

1 Panama Railroad Company: Not to exceed \$750,000
2 (to be computed on an accrual basis) of the funds of the
3 Company shall be available during the fiscal year 1948 for
4 its administrative expenses, including administrative services
5 performed for the Company by other Government agencies,
6 which shall be determined in accordance with the Company's
7 prescribed accounting system in effect on July 1, 1946, and
8 and shall be exclusive of depreciation, payment of claims,
9 contributions to employees retirement system, expenditures
10 which the Company's prescribed accounting system requires
11 to be capitalized or charged to cost of commodities acquired,
12 and expenses in connection with acquisition, construction,
13 operation, maintenance, improvement, protection, and dis-
14 position of facilities and other property belonging to the
15 Company or in which it has an interest.

16 Tennessee Valley Associated Cooperatives, Inc.: Not to
17 exceed \$2,500 shall be available for administrative expenses
18 related to liquidation: *Provided*, That appropriate steps shall
19 be taken to secure the final dissolution and liquidation of
20 the Corporation at the earliest practicable date and such
21 dissolution and liquidation shall be under the supervision
22 and direction of the Secretary of the Treasury.

23 Tennessee Valley Authority: Not later than June 30,
24 1948, and not later than June 30 of each calendar
25 year thereafter, until a total of \$348,239,240 has been paid

1 as herein provided, the board of directors of the Tennessee
2 Valley Authority shall pay from net income derived the
3 immediately preceeding fiscal year from power operations
4 (such net income to be determined by deducting power op-
5 erating expenses, allocated common expense, and interest on
6 funded debt from total power operating revenues) not less
7 than \$2,500,000 of its outstanding bonded indebtedness to
8 the Treasury of the United States exclusive of interest, and
9 not less than 40 per centum of the remainder of such net
10 income into the Treasury of the United States as miscellane-
11 ous receipts. In the ten-year period ending June 30,
12 1958, and in each succeeding ten-year period until the afore-
13 said total of \$348,239,240 shall have been paid, not less
14 than a total of \$87,059,810, including payment of bonded
15 indebtedness exclusive of interest on such bonded indebted-
16 ness, shall be so paid. Total payments of not less than
17 \$10,500,000 shall be made not later than June 30,
18 1948.

19 Amounts equal to the total of all appropriations herein
20 and hereafter made to the Tennessee Valley Authority for
21 power facilities shall be paid by the board of directors thereof,
22 in addition to the total of \$348,239,240 specified in the
23 foregoing paragraph, to the Treasury of the United States
24 as miscellaneous receipts, such payments to be amortized

1 over a period of not to exceed forty years after the year in
2 which such facilities go into operation.

3 None of the power revenues of the Tennessee Valley Au-
4 thority shall be used for the construction of new power pro-
5 ducing projects (except for replacement purposes) unless
6 and until approved by Act of Congress.

7 NATIONAL HOUSING AGENCY

8 Federal Home Loan Bank Administration: Not to
9 exceed a total of \$1,250,000 to be derived from the special
10 deposit account established under the provisions under the
11 head "Federal Home Loan Bank Administration" in the
12 Independent Offices Appropriation Act, 1944, and from
13 receipts of the Federal Home Loan Bank Administration or
14 the Federal Home Loan Bank Board for the fiscal year 1948
15 and prior fiscal years, shall be available during the fiscal
16 year 1948 for administrative expenses of the Federal Home
17 Loan Bank Administration (Executive Order 9070 of Feb-
18 ruary 24, 1942), including health service program as au-
19 thorized by the Act of August 8, 1946 (Public Law
20 658): *Provided*, That all necessary expenses in connec-
21 tion with the conservatorship of institutions insured by the
22 Federal Savings and Loan Insurance Corporation and
23 all necessary expenses (including services performed on a

1 contract or fee basis, but not including other personal
2 services) in connection with the handling, including the
3 purchase, sale, and exchange, of securities on behalf of
4 Federal Home Loan banks, and the sale, issuance, and retire-
5 ment of, or payment of interest on, debentures or bonds,
6 under the Federal Home Loan Bank Act, as amended, shall
7 be considered as nonadministrative expenses for the purposes
8 hereof: *Provided further*, That notwithstanding any other
9 provisions of this Act, except for the limitation in amount
10 hereinbefore specified, the administrative expenses and other
11 obligations of the Administration shall be incurred, allowed,
12 and paid in accordance with the provisions of the Federal
13 Home Loan Bank Act of July 22, 1932, as amended (12
14 U. S. C. 1421-1449).

15 Federal Savings and Loan Insurance Corporation: Not
16 to exceed \$532,000 shall be available for administrative ex-
17 penses, including health service program as authorized by
18 the Act of August 8, 1946 (Public Law 658), and the use
19 of services and facilities of the Federal Home Loan banks,
20 Federal Reserve banks, and agencies of the Government,
21 including the Federal Home Loan Bank Administration and
22 the Home Owners' Loan Corporation, which shall be on an
23 accrual basis and shall be exclusive of interest paid, deprecia-
24 tion, properly capitalized expenditures, and expenses in con-
25 nection with liquidation of insured institutions, liquidation

1 or handling of assets of or derived from insured institutions,
2 payment of insurance, and action for or toward the avoidance,
3 termination, or minimizing of losses in the case of specific
4 insured institutions: *Provided*, That notwithstanding any
5 other provisions of this Act, except for the limitation in
6 amount hereinbefore specified, the administrative expenses
7 and other obligations of said Corporation shall be incurred,
8 allowed, and paid in accordance with title IV of the Act of
9 June 27, 1934, as amended (12 U. S. C. 1724–1730).

10 Home Owners' Loan Corporation: Not to exceed
11 \$3,000,000 shall be available for administrative expenses,
12 including health service program as authorized by the Act
13 of August 8, 1946 (Public Law 658), and the use of serv-
14 ices and facilities of the Federal Home Loan banks, Federal
15 Reserve banks, and agencies of the Government, including
16 the Federal Home Loan Bank Administration and the
17 Federal Savings and Loan Insurance Corporation, which
18 shall be on an accrual basis and shall be exclusive of interest
19 paid, depreciation, properly capitalized expenditures, ex-
20 penses (including services performed on a force account,
21 contract, or fee basis, but not including other personal serv-
22 ices) in connection with the acquisition, protection, opera-
23 tion, maintenance, improvement, or disposition of real or
24 personal property belonging to said Corporation or in which
25 it has an interest, and legal fees and expenses: *Provided*,

1 That notwithstanding any other provisions of this Act,
2 except for the limitation in amount hereinbefore specified,
3 the administrative expenses and other obligations of said
4 Corporation shall be incurred, allowed, and paid in accord-
5 ance with the Home Owners' Loan Act of 1933, as amended
6 (12 U. S. C. 1461-1468).

7 Federal Housing Administration: In addition to the
8 amounts available by or pursuant to law (which shall be
9 transferred to this authorization) for the administrative
10 expenses of the Federal Housing Administration in carrying
11 out duties imposed by or pursuant to law, not to exceed
12 \$17,624,000 of the various funds of the Federal Housing
13 Administration as follows: (1) The mutual mortgage insur-
14 ance fund; (2) the housing insurance fund; (3) the account
15 in the Treasury comprised of funds derived from premiums
16 collected under authority of section 2 (f), title I of the
17 National Housing Act, as amended (12 U. S. C. 1701);
18 and (4) the war housing insurance fund shall be available
19 for expenditure, in accordance with the provisions of said
20 Act for the administrative expenses of the Federal Housing
21 Administration, including not to exceed \$1,500 for periodicals
22 and newspapers; not to exceed \$1,500 for contract actuarial
23 services; and health program as authorized by the Act of
24 August 8, 1946 (Public Law 658): *Provided*, That neces-
25 sary expenses of the Administration (including both services

1 performed on a contract or fee basis, but not including other
2 personal services) in connection with the acquisition, pro-
3 tection, completion, operation, maintenance, improvement,
4 or disposition of real or personal property of the Administra-
5 tion acquired under authority of titles I, II, and VI of said
6 National Housing Act, shall be considered as nonadministra-
7 tive for the purposes hereof: *Provided further*, That, except
8 as herein otherwise provided, the administrative expenses
9 and other obligations, including nonadmanistrative expenses,
10 of the Administration shall be incurred, allowed, and paid in
11 accordance with the provisions of said Act of June 27, 1934,
12 as amended (12 U. S. C. 1701).

13 Federal Public Housing Authority: Of the amounts
14 available by or pursuant to law for the administrative ex-
15 penses of the Federal Public Housing Authority in carrying
16 out duties imposed by or pursuant to law including not to
17 exceed \$2,200,000 of the funds available for administrative
18 expenses for the United States Housing Act program (all
19 of which are hereby merged into a single administrative
20 expense account), not to exceed \$10,400,000 shall be avail-
21 able for such expenses subject to the provisions of section
22 6 (b) of the act of September 1, 1937, as amended, 42
23 U. S. C. 1406 (b), including health service program as au-
24 thorized by the Act of August 8, 1946 (Public Law 658):
25 *Provided*, That the number of officers and employees receiv-

1 ing compensation in excess of \$4,500 per annum shall not
2 exceed 20 per centum of the total number of officers and
3 employees paid from such funds: *Provided further*, That
4 necessary expenses of providing representatives of the
5 Authority at the sites of non-Federal projects in connection
6 with the construction of such non-Federal projects by public
7 housing agencies with the aid of the Authority, shall be
8 compensated by such agencies by the payment of fixed fees
9 which in the aggregate in relation to the development costs
10 of such projects will cover the costs of rendering such
11 services, and expenditures by the Authority for such purpose
12 shall be considered nonadministrative expenses, and funds
13 received from such payments may be used only for the pay-
14 ment of necessary expenses of providing representatives of
15 the Authority at the sites of non-Federal projects or for
16 administrative expenses of the Authority not in excess of the
17 amount authorized by the Congress.

18 Liquidation of resettlement projects: Not to exceed
19 \$39,500 of the receipts derived from the operation of the
20 projects transferred under paragraphs 1 (g) and 6 of Ex-
21 ecutive Order 9070 of February 24, 1942 (7 F. R. 1529),
22 shall be available for necessary expenses in connection with
23 and to facilitate disposition of the improved or unimproved
24 lands in the suburban resettlement projects known as Green-
25 belt, Greendale, and Greenhills, pursuant to the provisions

1 of section 5 of the Emergency Relief Appropriation Act of
2 1935 (49 Stat. 115), for making surveys, plans, and plats,
3 and expenses of additions, alterations, and improvements to
4 streets and utilities.

5 Defense Homes Corporation: Not to exceed \$3,000
6 shall be available for payment of terminal leave only. Imme-
7 diately upon the enactment hereof, the National Housing Ad-
8 ministrator shall transfer or cause to be transferred to the
9 Reconstruction Finance Corporation without reimbursement
10 or other consideration all of the capital stock of Defense Homes
11 Corporation, together with the stock certificates evidencing the
12 ownership of such stock. All assets and liabilities of every kind
13 and nature, together with all records, of Defense Homes Cor-
14 poration are hereby transferred effective July 1, 1947, to the
15 Reconstruction Finance Corporation without reimbursement
16 or other consideration for the purpose of liquidation thereof
17 in an orderly manner. Upon receipt of such stock, the
18 Reconstruction Finance Corporation shall proceed with
19 diligence to liquidate the affairs of the Defense Homes Cor-
20 poration as soon as practicable, including realization of the
21 cash value of all its assets and settlement of all its legal
22 liabilities, including the existing indebtedness of Defense
23 Homes Corporation to the Reconstruction Finance Corporation.
24 Any net proceeds thereafter remaining shall be covered into
25 the Treasury in the same manner and in accordance with the

1 same requirements as are applicable for the disposition of net
2 income realized by the Reconstruction Finance Corporation
3 from its operations. Such of the personnel of the Federal
4 Public Housing Authority (not to exceed eight persons)
5 as have been employed primarily on duties relating to the
6 Defense Homes Corporation and are found by the Recon-
7 struction Finance Corporation to be necessary and qualified
8 to assist in the liquidation herein authorized and directed,
9 shall be transferred to the Reconstruction Finance Corpora-
10 tion as of the date requested by it.

11 FEDERAL LOAN AGENCY

12 War Damage Corporation: The Board of Directors of
13 the Corporation shall pay or cause to be paid to the Treasury
14 of the United States \$210,751,618.65 of the amount realized
15 by the Corporation from its operations, such sum to be
16 covered into the Treasury immediately upon the approval
17 of this Act and applied to reduction of the national debt.

18 DEPARTMENT OF AGRICULTURE

19 Federal Farm Mortgage Corporation: Not to exceed
20 \$2,750,000 (to be computed on an accrual basis) of the
21 funds of the Corporation shall be available for administra-
22 tive expenses, including employment on a contract or fee
23 basis of persons, firms, and corporations for the performance
24 of special services, including legal services, and the use of
25 the services and facilities of Federal land banks, national

1 farm loan associations, Federal Reserve banks, and agencies
2 of the Government as authorized by the Act of January 31,
3 1934 (12 U. S. C. 1020-1020h) ; and said total sum shall
4 be exclusive of interest expense, and expenses in connection
5 with the acquisition, operation, maintenance, improvement,
6 protection, or disposition of real or personal property be-
7 longing to the Corporation or in which it has an interest:
8 *Provided*, That of the funds available to the Corporation
9 for administrative expenses, not to exceed \$275,000 shall
10 be available for payment to the Farm Credit Administration
11 for supervisory or other services rendered.

12 Federal Intermediate Credit Banks: Not to exceed
13 \$1,250,000 (to be computed on an accrual basis) . of the
14 funds of the banks shall be available for administrative ex-
15 penses, including the purchase of not to exceed ten passenger
16 motor vehicles, services performed for the banks by other
17 Government agencies (except services performed by the
18 banks for cooperatives in connection with loans to cooperative
19 associations rediscounted or pledged with the Federal Inter-
20 mediate Credit Banks, and services performed by any Federal
21 Reserve bank and by the United States Treasury in connec-
22 tion with the financial transactions of the banks) , and not to
23 exceed \$4,000 for penalty mail; and said total sum shall be
24 exclusive of interest expense, legal and special services per-
25 formed on a contract or fee basis, and expenses in connection

1 with the acquisition, operation, maintenance, improvement,
2 protection, or disposition of real or personal property belong-
3 ing to the banks or in which they have an interest: *Provided*,
4 That of the funds available to the banks for administrative
5 expenses, not to exceed \$125,000 shall be available for pay-
6 ment to the Farm Credit Administration for supervisory
7 or other services rendered.

8 Production Credit Corporations: Not to exceed \$1,-
9 600,000 (to be computed on an accrual basis) of the funds
10 of the corporations shall be available for administrative ex-
11 penses, including the purchase of not to exceed fifteen pas-
12 senger motor vehicles, services performed for the corporations
13 by other Government agencies, and not to exceed \$4,000 for
14 penalty mail; and said total sum shall be exclusive of interest
15 expense, legal and special services performed on a contract
16 or fee basis, and expenses in connection with the acquisition,
17 operation, maintenance, improvement, protection, or dispo-
18 sition of real or personal property belonging to the corpora-
19 tions or in which they have an interest: *Provided*, That of
20 the funds available to the corporations for administrative ex-
21 penses, not to exceed \$160,000 shall be available for pay-
22 ment to the Farm Credit Administration for supervisory or
23 other services rendered.

24 Regional Agricultural Credit Corporation of Washing-
25 ton, District of Columbia: Not to exceed \$200,000 (to be

1 computed on an accrual basis) of the funds of the Corpora-
2 tion shall be available for administrative expenses, including
3 supervision and examination by the Farm Credit Admini-
4 stration and services performed for the Corporation by other
5 Government agencies, and not to exceed \$3,200 for penalty
6 mail; and said total sum shall be exclusive of interest expense,
7 legal and special services performed on a contract or fee basis,
8 and expenses in connection with the acquisition, operation,
9 maintenance, improvement, protection, or disposition of real
10 or personal property belonging to the Corporation or in which
11 it has an interest: *Provided*, That no other funds shall be
12 available for administrative expenses of the Corporation:
13 *Provided further*, That of the funds available to the Cor-
14 poration for administrative expenses, not to exceed \$20,000
15 shall be available for payment to the Farm Credit Adminis-
16 tration for supervisory or other services rendered.

17 DEPARTMENT OF COMMERCE

18 Inland Waterways Corporation: Not to exceed \$418,-
19 100 shall be available for administrative expenses, to be
20 determined in the manner set forth under the title "General
21 expenses" in the Uniform System of Accounts for Carriers
22 by Water of the Interstate Commerce Commission (effective
23 January 1, 1942), with the exception that the cost of the
24 audit as required by Public Law 248, Seventy-ninth Con-
25 gress, shall be deemed a nonadministrative expense for the

1 purpose hereof, including not to exceed \$1,200 for penalty
2 mail: *Provided*, That no funds shall be used to pay compen-
3 sation of employees normally subject to the Classification
4 Act of 1923, as amended, at rates in excess of rates fixed
5 for similar services under the provisions of the Classification
6 Act, as amended, nor to pay the compensation of vessel
7 employees and such terminal and other employees as are
8 not covered by the Classification Act, at rates in excess of
9 rates prevailing in the river transportation industry in the
10 area.

11 Warrior River Terminal Company: Not to exceed
12 \$20,100 shall be available for administrative expenses, to be
13 determined in the manner set forth under the title "Operating
14 expense accounts—general" in the Uniform System of Ac-
15 counts for Steam Railroads of the Interstate Commerce Com-
16 mission (issue of 1943) with the exception that the cost of
17 the audit as required by Public Law 248, Seventy-ninth Con-
18 gress, shall be deemed a nonadministrative expense for
19 the purpose hereof: *Provided*, That, in the event of dissolu-
20 tion of the Company and/or the transfer of its assets to the
21 Inland Waterways Corporation, the funds provided herein
22 shall be transferred and merged with the administrative ex-
23 penses of the Inland Waterways Corporation for the operation
24 of its facilities.

1 DEPARTMENT OF THE INTERIOR

2 Virgin Islands Company: Not to exceed \$20,000 (to
3 be computed on an accrual basis) of the funds of the Com-
4 pany shall be available during the fiscal year 1948 for its
5 administrative expenses which shall be determined in accord-
6 ance with the Company's prescribed accounting system in
7 effect on July 1, 1946, and shall be exclusive of depreciation,
8 interest expense, payment of claims, contribution to the local
9 government in lieu of taxes, expenditures which the Com-
10 pany's prescribed accounting system requires to be capitalized
11 or charged to commodities produced or acquired and expenses
12 in connection with acquisition, construction, operation, main-
13 tenance, improvement, protection or disposition of facilities
14 and other property belonging to the Company or in which it
15 has an interest.

16 DEPARTMENT OF JUSTICE

17 Federal Prison Industries, Incorporated: Not to exceed
18 \$225,000 (to be computed on an accrual basis) of the funds
19 of the corporation shall be available during the fiscal year
20 1948 for its administrative expenses, which shall be deter-
21 mined in accordance with the Corporation's prescribed
22 accounting system in effect on July 1, 1946, and shall be
23 exclusive of depreciation, vocational training expenses, pay-
24 ment of claims, expenditures which the said accounting

1 system requires to be capitalized or charged to cost of com-
2 modities acquired or produced, including selling and shipping
3 expenses, and expenses in connection with acquisition, con-
4 struction, operation, maintenance, improvement, protection,
5 or disposition of facilities and other property belonging to the
6 corporation or in which it has an interest.

7

DEPARTMENT OF STATE

8 The Institute of Inter-American Affairs: Not to exceed
9 \$550,000 (to be computed on an accrual basis) of the funds
10 available to the Corporation shall be available during the
11 fiscal year 1948 for its administrative expenses, including not
12 to exceed \$3,000 shall be available for penalty mail, and the
13 cost of administrative services performed for the Corpora-
14 tion by other Government agencies, which shall be deter-
15 mined in accordance with the Corporation's prescribed ac-
16 counting system in effect on July 1, 1946, and shall be ex-
17 clusive of expenditures made outside continental United
18 States, and expenditures which the Corporation's prescribed
19 accounting system requires to be capitalized or charged di-
20 rectly to or directly related to the operating programs:
21 *Provided*, That the total cost of liquidation shall be paid out
22 of funds available to the Corporation without additional
23 appropriations therefor.

24

Institute of Inter-American Transportation: Not to ex-
25 ceed \$3,000 of the funds available to the Corporation shall

1 be available for payment of terminal leave only: *Provided*,
2 That all administrative duties and responsibilities shall be
3 assumed by such officers and employees of the Department
4 of State as the Secretary of State may designate, and who
5 shall receive no additional compensation for such duties:
6 *Provided further*, That the Secretary of State shall take
7 appropriate steps to secure the final dissolution and liquida-
8 tion of said Corporation at the earliest practicable date:
9 *Provided further*, That the total cost of liquidation shall be
10 paid out of funds available to the Corporation without addi-
11 tional appropriations therefor.

12 Inter-American Educational Foundation, Inc.: Not to
13 exceed \$250,000 (to be computed on an accrual basis) of the
14 funds available to the Corporation shall be available during the
15 fiscal year 1948 for its administrative expenses, including not
16 to exceed \$1,500 shall be available for penalty mail; including
17 the cost of administrative service performed for the Corpora-
18 tion by other Government agencies, which shall be deter-
19 mined in accordance with the Corporation's prescribed ac-
20 counting system in effect on July 1, 1946, and shall be ex-
21 clusive of expenditures made outside the continental limits of
22 the United States, and expenditures which the Corporation's
23 prescribed accounting system requires to be capitalized or
24 charged directly to or directly related to the operating pro-
25 grams.

1 Prencinradio, Incorporated: Not to exceed \$2,000 of the
2 funds available to the Corporation shall be available for pay-
3 ment of terminal leave only: *Provided*, That all administra-
4 tive duties and responsibilities shall be assumed by such
5 officers and employees of the Department of State as the
6 Secretary of State may designate, and who shall receive
7 no additional compensation for such duties: *Provided further*,
8 That the Secretary of State shall take appropriate steps to
9 secure the final dissolution and liquidation of said Corporation
10 at the earliest practicable date: *Provided further*, That the
11 total cost of liquidation shall be paid out of funds available
12 to the Corporation without additional appropriations therefor.

13 TITLE III

14 GENERAL PROVISIONS

15 SEC. 301. Funds made available by this Act for admin-
16 istrative expenses shall be available, in addition to objects for
17 which such funds are otherwise available, for personal serv-
18 ices and rent in the District of Columbia; printing and bind-
19 ing; examination of budgets and estimates of appropriations
20 in the field; travel expenses in accordance with the Stand-
21 ardized Government Travel Regulations, the Subsistence
22 Expense Act of 1926, as amended (except as to per diem
23 rates outside continental United States), and the Act of
24 February 14, 1931, as amended (5 U. S. C. 73a) ; for the
25 objects specified under the head "General provisions" in

1 title II of the Independent Offices Appropriation Act, 1948,
2 all the provisions of which title unless otherwise specified
3 in this Act, shall be applicable to the expenditure of such
4 funds; and services in accordance with section 15 of the Act
5 of August 2, 1946 (Public Law 600), except that no funds
6 of any corporation or agency included in this Act shall be
7 available for payment, to other than a Government agency,
8 for services of an independent audit of the financial records
9 of the offices of any Government corporation or agency
10 unless prior approval is obtained from or such service is di-
11 rected to be made by the Comptroller General of the United
12 States.

13 SEC. 302. No part of any funds of any wholly owned
14 Government corporation shall be used for the purchase or
15 construction, or in making loans for the purchase or con-
16 struction of any office building at the seat of government
17 primarily for occupancy by any department or agency of the
18 United States Government or by any corporation owned by
19 the United States Government.

20 SEC. 303. Funds of the corporations and agencies cov-
21 ered by the provisions of this Act shall be available for
22 payment of claims settled in accordance with part 2 of the
23 Federal Tort Claims Act.

24 SEC. 304. Any funds of, or available for expenditure
25 by, any corporation or agency included in this Act, which

1 are not subject to audit by the General Accounting Office
2 under the provisions of the Government Corporation Control
3 Act (Public Law 248, Seventy-ninth Congress) or other
4 law, shall be accounted for and audited in accordance with
5 the Budget and Accounting Act, as amended, and no such
6 fund shall be obligated or expended unless and until an appro-
7 priate appropriation account shall have been established
8 therefor pursuant to an appropriation warrant or a covering
9 warrant: *Provided*, That this section shall not be so con-
10 strued as to modify or repeal any provision of any other law
11 respecting warranting, accounting for, and auditing of funds.

12 SEC. 305. No part of the funds of, or available for ex-
13 penditure by, any corporation or agency included in this
14 Act shall be used to pay the salary or wages of any person
15 who engages in a strike against the Government of the
16 United States or who is a member of an organization of
17 Government employees that asserts the right to strike against
18 the Government of the United States, or who advocates, or
19 is a member of an organization that advocates, the over-
20 throw of the Government of the United States by force or
21 violence: *Provided*, That for the purposes hereof an affi-
22 davit shall be considered prima facie evidence that the person
23 making the affidavit has not contrary to the provisions of
24 this section engaged in a strike against the Government of
25 the United States, is not a member of an organization of

1 Government employees that asserts the right to strike against
2 the Government of the United States, or that such person
3 does not advocate, and is not a member of an organization
4 that advocates, the overthrow of the Government of the
5 United States by force or violence: *Provided further*, That
6 any person who engages in a strike against the Government
7 of the United States or who is a member of an organization
8 of Government employees that asserts the right to strike
9 against the Government of the United States, or who advo-
10 cates, or who is a member of an organization that advocates,
11 the overthrow of the Government of the United States by
12 force or violence and accepts employment the salary or wages
13 for which are paid from any funds available to any corpora-
14 tion or agency included in this Act shall be guilty of a felony
15 and, upon conviction, shall be fined not more than \$1,000
16 or imprisoned for not more than one year, or both: *Provided*
17 *further*, That the above penalty clause shall be in addition
18 to, and not in substitution for, any other provisions of existing
19 laws.

20 SEC. 306. Title to all office buildings at the seat of Gov-
21 ernment, which are owned by wholly owned Government
22 corporations, and all right, title, or interest of such cor-
23 porations in the land upon which such buidlings are located
24 are hereby transferred to the United States, and the Secre-
25 tary of the Treasury is authorized and directed to discharge

1 the indebtedness to the Treasury of any corporation holding
2 such rights, title, or interests in any such land or building to
3 the value thereof as determined by the Secretary of the
4 Treasury as of the date of transfer. Hereafter, such buildings
5 shall be controlled and managed in the same manner as pre-
6 scribed in the Act of March 1, 1919, as amended (40 U. S. C.
7 1). Wholly owned Government corporations requiring
8 space in office buildings at the seat of Government shall
9 occupy only such space as may be allotted in accordance with
10 the provisions of such act of March 1, 1919, as amended
11 (40 U. S. C. 1), and shall pay such rental thereon as may
12 be determined by the Federal Works Administrator, such
13 rental to include all cost of maintenance, upkeep, and repair.

14 SEC. 307. Section 104 of the Government Corporations
15 Control Act (Public Law 248, 79th Congress) is hereby
16 amended to read as follows:

17 "SEC. 104. The Budget programs transmitted by the
18 President to the Congress shall be considered and legislation
19 shall be enacted making necessary appropriations, as may
20 be authorized by law, making available for use such corporate
21 funds or other financial resources or limiting the use
22 thereof as the Congress may determine and providing
23 for repayment of capital funds and the payment of
24 dividends. Except as provided in such legislation, the pro-
25 visions of this section shall not be construed as preventing

1 wholly owned Government corporations from carrying out
2 and financing their activities as authorized by existing law,
3 nor as affecting the provisions of section 26 of the Tennessee
4 Valley Authority Act, as amended. The provisions of this
5 section shall not be construed as affecting the existing au-
6 thority of any wholly owned Government corporation to
7 make contracts or other commitments without reference to
8 fiscal-year limitations, as such authority may be necessary
9 to the execution of an approved budget program.”

10 SEC. 308. Section 101 of the Government Corporations
11 Control Act (Public Law 248, Seventy-ninth Congress) is
12 hereby amended by adding at the end thereof the following:

13 “This title shall apply to the same extent as to wholly
14 owned Government corporations and for the same purposes
15 to the following mixed-ownership Government corporations:
16 (1) The Central Bank for Cooperatives and the regional
17 banks for cooperatives, (2) Federal home loan banks,
18 and (3) Federal Deposit Insurance Corporation.”

19 SEC. 309. This Act may be cited as “The Government
20 Corporations Appropriation Act, 1948”.

80TH CONGRESS
1ST SESSION

H. R. 3756

[Report No. 544]

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

By Mr. JENSEN

JUNE 9, 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 11, 1947
For actions of June 10, 1947
80th-1st, No. 109

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HIGHLIGHTS: House committee reported bill to end allocation or rationing of sugar for home use. House committee reported resolution to waive points of order on Government corporations appropriations bill. House voted to disapprove Reorganization Plan which authorizes coordination of certain laws on Government contracts. House debated information and educational exchange bill.

HOUSE

- FOREIGN AFFAIRS.** Continued debate on H. R. 3342, the proposed "United States Information and Educational Exchange Act of 1947" (pp. 6885-97). Rejected, 92-119, a motion by Rep. Mason, Ill., to strike out the enacting clause (p. 6886). This bill authorizes the State Department to provide for interchange of students, teachers, government publications, etc., with other countries; to authorize assignment, upon approval of the employing agency, of certain types of expert Government personnel, to other countries; to utilize services, facilities, and personnel of Government agencies, with their approval, through advances, reimbursement, or transfer of funds; to provide for Government agencies to perform technical or other services to foreign countries upon terms and conditions satisfactory to the State Department and the agency involved; to provide for Government agencies to train foreigners and U. S. citizens going to other countries under the bill; to provide for Government agencies to promote interchange with other countries of scientific and specialized knowledge and skills through publications and other materials; and to provide for an interdepartmental committee to coordinate the program, and for transfer of funds to affected Government agencies.
- REORGANIZATION.** Agreed, without amendment, to H. Con. Res. 49, disapproving the President's Reorganization Plan 2, which authorizes the Labor Department to coordinate the administration of the acts for regulation of wages and hours in connection with Government contracts (pp. 6867-85). The plan will become effective July 1 unless the Senate agrees to the concurrent resolution before that.
- SUGAR CONTROLS.** The Banking and Currency Committee reported without amendment H. R. 3612, to amend the Sugar Control Extension Act of 1947 so as to terminate the authority to allocate or ration refined sugar among users for home consumption (H. Rept. 556)(p. 6901).

4. GOVERNMENT CORPORATIONS APPROPRIATION BILL. The Rules Committee reported a resolution waiving points of order on this bill, H. R. 3756 (p. 6901). The bill is to be taken up today (p. D357). (For its provisions see Digest 108.)
5. RESEARCH; PATENTS. Received from the Attorney General a copy of his final report to the President on Government patent practices and policies; to Judiciary Committee (p. 6901).
6. LABOR. H.R. 3020, the proposed "Labor-Management Relations Act, 1947" as sent to the President, prohibits strikes against the Government by its employees, on penalty of discharge, forfeiture of civil-service status, and ineligibility for reemployment by the U.S. for 3 years. It establishes a congressional Joint Committee on Labor-Management Relations and authorizes the Committee to utilize the services, information, facilities, and personnel of executive departments and agencies with their approval. The conferee's version makes no change in the "agricultural labor" exemption of the National Labor Relations Act, and the House conferees said this was because the "exemption has for the past 2 years been dealt with in the Appropriation Act" for NLRB. (However, the House version would have excluded "agricultural labor" as that term is defined in the Social Security Act, and the Senate version would have exempted "individuals employed in agriculture.")
7. PURCHASING. Received from the President (June 6) a supplemental appropriation estimate for 1948 of \$2,700,000 for the Treasury Department, Bureau of Federal Supply, to finance the first year of a 5-year interdepartmental project for a unified Federal Catalog System (H.Doc. 310).
8. RUBBER. Received from the President (June 6) a supplemental appropriation estimate for 1948 of \$250,000 for the Commerce Department to continue rubber-control program through March 31, 1948 (H.Doc. 304).

SENATE

9. REORGANIZATION. S. 140 (as reported; see Digest 107), to create a Department of Health, Education, and Security, gives the Department no functions other than those of the Federal Security Agency. However, it directs the Budget Bureau to report to Congress by Dec. 31, 1947, its recommendations as to any other Government programs which should be transferred to the new Department. The bill establishes a Bureau of Health (to include the Public Health Service and the Food and Drug Administration, etc.), a Bureau of Education (to include the Office of Education, etc.), and a Bureau of Public Welfare (to include Social Security). Each Bureau would be supervised by an Under Secretary at \$12,000. Subordinate units would be called divisions, branches, sections, and units, according to descending order of size and importance.
10. TRANSPORTATION. Continued debate on S. 110, to amend the ICC act regarding agreements between carriers (pp. 6830-3, 6843-50, 6853-60).
11. NOMINATIONS. Confirmed the following nominations: Norman Armour to be an Assistant Secretary of State; Dwight P. Griswold to be Chief of the American Mission for aid to Greece; and Richard F. Allen to be field administrator of the U.S. foreign relief program (pp. 6828-30, 6865).
12. RECLAMATION. The Public Lands Committee reported without amendment H.R. 3143, to authorize the construction, operation, and maintenance of the Paonia Federal reclamation project, Colo. (S. Rept. 253) (p. 6825).
The Public Lands Committee reported without amendment H.R. 3348, to declar

If General Marshall thinks that we need a ten-billion-dollar-a-year rehabilitation program for Europe, let him bring the matter before the United Nations. If we wish to stabilize the politics in France and Italy, let us bring the matter before the appropriate boys of the United Nations.

Mr. Speaker, a propaganda campaign is being waged by the State Department to build up war hysteria and war feelings—to justify in the minds of the American people unilateral military adventures and military alliances. It would be very well if for once the administration would recognize that it has made a basic mistake in the Truman doctrine. The American people have recognized it and if Mr. Truman persists with his advocacy of militarization of America and the world, he will find that the American people will relieve him of office in 1948.

The American people despise a two-faced policy. They despise waste and they despise inefficiencies. They oppose the military mind. They oppose dictators and dictation. They want no part of Peron, Turkish dictatorships, and Greek monarchies, particularly when they have to pay for them with taxes that are too high.

Frankly, Mr. Speaker, I think Mr. Truman would be better advised to enter the 1948 elections without the Greek monarchy, the Peron government and the miscellaneous dictatorships of the world riding on his back. In the meantime, I suggest that he think seriously about BOB TAFT's statement that his foreign policy of military aggrandizement is pushing the prices that the American people pay up and not down.

(Mr. BENDER asked and was given permission to revise and extend his remarks and to include therein extraneous matter.)

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Messrs. WOLVERTON, HINSHAW, O'HARA, HUGH D. SCOTT, JR., and LEONARD W. HALL (at the request of Mr. ARENDS), from June 10 to June 14, on account of investigation of air accident at LaGuardia Field, N. Y.

To Mr. HESS (at the request of Mr. COLE of New York), indefinitely, on account of death in family.

CALNDAR WEDNESDAY

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the call of the committees on Calendar Wednesday tomorrow be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ENROLLED BILL SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following titles, which was thereupon signed by the Speaker:

H. R. 1288. An act to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood.

The SPEAKER announced his signature to a joint resolution of the Senate of the following title:

S. J. Res. 115. Joint resolution authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 11, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

775. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill for the relief of Mr. Thomas D. Sherard; to the Committee on the Judiciary.

776. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$120,000 for the Federal Security Agency (H. Doc. No. 315); to the Committee on Appropriations and ordered to be printed.

777. A letter from the Attorney General, transmitting a copy of his final report to the President on Government patent practices and policies; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 235. Resolution waiving points of order against H. R. 3756, a bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; without amendment (Rept. No. 552.) Referred to the House Calendar.

Mr. WELCH: Committee on Public Lands. H. R. 3372. A bill authorizing certain agreements with respect to rights in helium-bearing gas lands in the Navajo Indian Reservation, N. Mex., and for other purposes; without amendment (Rept. No. 553). Referred to the Committee of the Whole House on the State of the Union.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 554. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. KUNKEL: Committee on Banking and Currency. H. R. 3612. A bill to amend the Sugar Control Extension Act of 1947 so as to terminate the authority to allocate or ration refined sugar among users for home consumption; without amendment (Rept. No. 556). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. FELLOWS: Committee on the Judiciary. S. 50. An act for the relief of Joseph

Ochrimowski; without amendment (Rept. No. 555). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOBBS:

H. R. 3778. A bill to amend section 30 of the Revised Statutes of the United States (U. S. C., title 2, sec. 25); to the Committee on the Judiciary.

By Mr. JUDD:

H. R. 3779. A bill providing for the incorporation of the United American Veterans and Auxiliary; to the Committee on the Judiciary.

By Mr. DIRKSEN:

H. R. 3780. A bill to amend section 5 of Home Owners' Loan Act of 1933, and title 26, chapter 4, section 14, of the Code of Laws for the District of Columbia, and for other purposes; to the Committee on Banking and Currency.

By Mr. HORAN:

H. R. 3781. A bill to authorize certain administrative expenses in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. VAN ZANDT:

H. R. 3782. A bill to provide for the payment of retroactive death pension to widows and children of veterans after 7 years continued and unexplained absence; to the Committee on Veterans' Affairs.

By Mr. KENNEDY:

H. R. 3783. A bill to correct an inequity existing in the case of holders of adjusted-service certificates who did not accept payment in bonds under the Adjusted Compensation Payment Act, 1936; to the Committee on Ways and Means.

By Mr. CHAPMAN:

H. R. 3784. A bill to authorize the Public Health Service to admit to its hospitals persons committed by State courts who are beneficiaries of the Service or narcotic addicts; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON:

H. R. 3785. A bill to authorize the State of Minnesota to condemn lands owned by the United States in the county of Cass, State of Minnesota, for fish propagation, and for other purposes; to the Committee on Public Lands.

By Mr. CELLER:

H. R. 3786. A bill to empower the Supreme Court of the United States to promulgate a code of ethics for attorneys at law practicing before the district courts of the United States; to the Committee on the Judiciary.

By Mrs. DOUGLAS:

H. Res. 236. Resolution making H. R. 2523 a special order of business; to the Committee on Rules.

By Mr. PLOESER:

H. Res. 237. Resolution to provide additional funds for the expenses of the investigation and study authorized by House Resolution 18; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JUDD:

H. R. 3787. A bill for the relief of Mrs. Maria Smorzewska; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 3788. A bill for the relief of Mrs. Mary Rurney; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 3789. A bill for the relief of Dr. Esther Chang; to the Committee on the Judiciary.

By Mr. SOMERS:

H. R. 3790. A bill for the relief of the estates of Arthur F. Saladino, Joseph Spivack, and Irving Weinberg; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

617. By Mr. BRADLEY: Petition of 73 voters of the Eighteenth Congressional District of California, urging that communism in this country be stopped and stamped out

completely and that all Communists and communistic sympathizers be treated as traitors; to the Committee on Un-American Activities.

618. By Mr. HARDIE SCOTT: Petition of the Ukrainian American Citizens' Association, Inc., of Philadelphia, Pa., urging passage of H. R. 2910, a bill to authorize the United States during an emergency period to undertake its fair share in the resettlement of displaced persons in Germany, Austria, and Italy, including relatives of citizens or members of our armed forces, by permitting their admission into the United States in a number equivalent to a part of the total quota numbers unused during the war years; to the Committee on the Judiciary.

619. By the SPEAKER: Petition of the city of Paso Robles, Calif., petitioning con-

sideration of their resolution with reference to endorsement of S. 866 and H. R. 2523; to the Committee on Banking and Currency.

620. Also, petition of Homer M. Mohr, St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

621. Also, petition of Grant Teeters, Lakeland, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

622. Also, petition of Mrs. Albina Bibeau, St. Petersburg, Fla., and others petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

CONSIDERATION OF H. R. 3756

JUNE 10, 1947.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN, of Illinois, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 235]

The Committee on Rules, having had under consideration House Resolution 235, report the same to the House with the recommendation that the resolution do pass.





House Calendar No. 103

80TH CONGRESS
1ST SESSION

H. RES. 235

[Report No. 552]

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That during the consideration of the bill
2 (H. R. 3756) making appropriations for Government cor-
3 porations and independent executive agencies for the fiscal
4 year ending June 30, 1948, and for other purposes, all
5 points of order against the bill or any provisions contained
6 therein are hereby waived.

80TH CONGRESS
1ST SESSION

H. RES. 235

[Report No. 552]

RESOLUTION

Waiving points of order against the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

By Mr. ALLEN of Illinois

JUNE 10, 1947

Referred to the House Calendar and ordered to be printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 12, 1947
For actions of June 11, 1947
30th-1st, No. 110

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HIGHLIGHTS: House passed Gov't corporations appropriation bill, which includes FCA items. House committee reported deficiency appropriation bill, which includes items for Sugar Rationing Adm., ARA buildings, 1948 terminal-leave payments in 1947, and validation of certain deficiency obligations. H. Rules Committee cleared bill to terminate sugar rationing for home use; Rep. Halleck said would be debated today. Conference agreed on compromise wool bill. Rep. Dirksen explained status of meat-inspection employees under USDA appropriation bill and inserted correspondence with Mr. Jump on this. Senate committee agreed "to take no further action at this time" on bill to authorize LBC-type loans by land banks. Rep. Rivers introduced bill authorizing USDA to dispose of surplus potatoes.

HOUSE

1. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947, H. R. 3791, was reported by the Appropriations Committee (H. Rept. 557)(p. 6992). The bill includes the following items:

Provides that not over \$415,000 of the \$898,000 originally earmarked for payment of terminal leave may be used for expenses of operating Sugar Rationing Administration for the remainder of this fiscal year (same as Budget estimate).

Authorizes construction, from 1947 funds, of 4 buildings at the New Iberia Livestock Experiment Station, La., to replace buildings destroyed by storm (same as Budget estimate).

Provides that the limitation in the 1947 Agricultural Appropriation Act on the amount to be used for construction of a building for investigations of pneumoencephalitis in poultry be increased from \$30,000 to \$55,000 (Budget estimate \$65,000).

Ratifies and confirms all obligations incurred between June 30, 1947, and the date of enactment of the applicable appropriation acts as may not be enacted by July 1, 1947, in anticipation of such appropriations and authority if in accordance with the terms thereof.

Provides that, where employees are separated through reduction in force during July 1947 and were given separation notices during the fiscal year 1947, the lump-sum terminal-leave payments may be charged against unobligated 1947 appropriations from which such employees were paid.

Regarding the sugar item, the committee report states: "Testimony...indicated that rapid improvement is occurring in the sugar supply situation and there is a strong possibility that the future of this control program will not be long. It is hoped that continued improvement in the supply of sugar will allow the Department...to conclude this activity at an early date... The committee expects to go into the matter thoroughly in connection with a pending

- estimate of \$5,000,000 for sugar rationing in the fiscal year 1948." Rep. Rayburn reserved points of order (p. 6938).
2. GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948. Passed with amendment this bill, H. R. 3756 (pp. 6942-90). No changes were made in items affecting this Department (for a list of such items see Digest 108). Most of the debate was on the TVA amortization provision.
 3. SUGAR CONTROLS. The Rules Committee reported a resolution for consideration of H. R. 3612, to terminate sugar rationing for home consumption (H. Rept. 561) (p. 6992).
 4. PERSONNEL. The Rules Committee reported a resolution for consideration of H. R. 966, requiring Government agencies to effectuate Civil Service Commission recommendations on appeals from discharges or suspensions of preference-eligibles (p. 6992).
 5. WOOL-PRICE SUPPORTS. The "Daily Digest" states: "Conferees on S. 814, to establish a wool price support program, reached agreement, on which a report will be filed tomorrow. The agreement includes the following: "The Senate receded in all of the House amendments except one. That amendment, to section 4, the House receded with an amendment providing that wool should be included as a commodity under section 22 of the Triple A Act, and that no proclamation issued by the President with respect to wool under that act shall be enforced in contravention of any treaty or international agreement to which the U.S. is now a party." (p. D365.)
 6. MEAT INSPECTION. Rep. Dirksen, Ill., explained that meat-inspection employees would continue to be Federal employees under the meat-inspection provision in the agricultural appropriation bill, and inserted correspondence between himself and Budget Officer Jump on this point (pp. 6939-40).
 7. APPROPRIATIONS. Rep. Arends, Ill., inserted a Wall Street Journal editorial reporting a protest against attempts (not by Government employees) to get the USDA cuts restored (p. 6941).
 8. LEGISLATIVE PROGRAM as announced by Majority Leader Halleck: Thurs., conference report on housing bill if filed in time, deficiency appropriation bill, sugar decontrol bill; Fri., information and educational exchange bill (pp. 6990-1).

SENATE

9. SUBSISTENCE EXPENSES. S. 544, as reported (see Digest 106) increases the maximum per-diem allowances to \$8 within continental U.S. and continues the Budget Bureau authority to establish higher rates outside continental U.S. It requires that such allowances be uniform and be established by the Budget Bureau after considering geographical location, type of work, and conditions under which the traveler operates.

The committee report states in part: "The Committee...feels that the enactment of this bill need not cause additional expenditures. All departments should be forewarned that, while they must pay the slightly increased rate provided by this bill, they must absorb these costs in whatever moneys are appropriated for them in fiscal 1948 and succeeding years...In other words, by paying the figure prescribed by the present bill, administrators, with whatever funds are appropriated for them, would be able to perform on the average approximately 92 percent of the travel which they contemplated performing when those funds were requested...If there is a large decline in prices, the Director of the Bureau of the Budget will be responsible for seeing that per diem costs are lowered

80TH CONGRESS
1ST SESSION

H. RES. 235

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

JUNE 11, 1947

Considered and agreed to

RESOLUTION

1 *Resolved*, That during the consideration of the bill
2 (H. R. 3756) making appropriations for Government cor-
3 porations and independent executive agencies for the fiscal
4 year ending June 30, 1948, and for other purposes, all
5 points of order against the bill or any provisions contained
6 therein are hereby waived.

RESOLUTION

Waiving points of order against the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

By Mr. ALLEN of Illinois

JUNE 10, 1947

Referred to the House Calendar and ordered to be printed

JUNE 11, 1947

Considered and agreed to

captured shortly before the German capitulation.

Then he weighed 143 pounds. Last September when he was unable to work longer in the mines because of recurrent malaria and hunger edema he weighed 105 pounds. Now he is up to 121.

Twenty men to a tiny cubicle, Helmut lived with more than 1,000 other prisoners in a camp, guarded by regular soldiers, but under the jurisdiction of the MVD.

ROUSED AT 4:30 A. M.

At 4:30 o'clock every morning the men were roused, and by 6 or 7, depending on the distance away, they were at work in the mines after a breakfast of seven-tenths of a quart of lentil soup. At 6 p. m. they were back at camp for another bowl of soup, a few slices of watery bread, and, rarely, a chunk of meat and a pinch of sugar.

On rare occasions a prisoner might escape, and try for the Turkish border, although everyone knew it was well patrolled. The dead Germans were brought back to camp where their bullet riddled corpses were displayed for 2 days as an example.

The SPEAKER. The time of the gentleman from Illinois has expired.

GENERAL EXTENSION OF REMARKS ON THE APPOINTMENT OF THE NEW AMBASSADOR TO THE PHILIPPINES

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the new Ambassador to the Philippines.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. WILSON of Indiana asked and was given permission to extend his own remarks in the RECORD.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend remarks I expect to make in the Committee of the Whole today and to include therein a letter from the Ulen Realization Corp. to me, a letter from the same firm addressed to General Marshall, a letter from the J. G. White Engineering Co. addressed to Mr. Eugene R. Black, of the International Bank for Reconstruction and Development.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ROHRBOUGH asked and was given permission to extend his remarks in two instances, to include in one a letter and in the other an editorial.

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that during consideration of the bill H. R. 3756 in the Committee of the Whole, the committee handling the bill may have permission to extend in the RECORD certain documentary material pertinent to the consideration of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO COMMITTEE ON AGRICULTURE TO SIT DURING SESSIONS TODAY

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may sit during the sessions

of the House today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PERMISSION TO COMMITTEE ON EXPENDITURES TO SIT DURING GENERAL DEBATE TODAY

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that the Committee on Expenditures may have permission to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WHAT IS A FILIBUSTER?

Mr. HOFFMAN. Mr. Speaker, I noticed in the morning press that some of the members of the Committee on Foreign Relations charged certain Members of the House yesterday with a filibuster. That grieves some of us, not me, but some of the other Members have suggested that they were feeling badly about it.

I investigated. I looked up the meaning of filibuster. According to reliable authority a filibuster is a delaying action carried on by a minority to prevent the passage of legislation or the consideration of it. Yesterday I stood down here in the well when we voted on the motion of the gentleman from Illinois [Mr. MASON] to strike out the enacting clause of the bill providing for the Voice of America program, and I noticed that by actual count there were 89 Republicans who voted with the gentleman from Illinois [Mr. MASON] to strike out the enacting clause and only 57 who voted against him. So if there was a filibuster it was carried on by the majority, who brought in the Mundt bill, and that is impossible. There must be something wrong with the reporters or with those who charged there was a filibuster.

PERMISSION TO ADDRESS THE HOUSE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DIFFICULTIES HINDERING REDUCTION OF EXPENDITURES

Mr. ARENDS. Mr. Speaker, a good many Members of Congress wonder why it is so difficult to reduce our regular appropriation bills when they come before us. I think the answer is provided this morning by an editorial which appeared in the Wall Street Journal which I wish to call to the attention of the House.

It reads as follows:

BEATING THE PARTY DRUMS

A reader of this newspaper in a town of the Middle West sends us a copy of a telegram which he says was signed by a prominent

officer of the Democratic Party and was addressed to a local Democratic leader. The text of the telegram follows:

"House Agriculture appropriations bill accompanying H. R. 3601 eliminates all funds for price support of all agricultural products, makes 50-percent cut on all soil-conservation practices and school-lunch programs, and reduces appropriations for personnel to point where administration of conservation and school-lunch programs practically impossible. Crop insurance practically eliminated. The bill also entirely eliminates farm ownership loans to veterans and nonveterans. The production and subsistence appropriations necessary to establish veterans in farming are cut one-third, and tenant-loan insurance is cut 98 percent. All administration forces so badly reduced that farm program cannot function efficiently.

"Please immediately contact leading farmers in your county and cooperating with them send wires and petitions at once to Senator ALBEN BARKLEY and Congressman CLARENCE CANNON, Washington, D. C., urging restoration President's budget. Give publicity to this your local communities and advise Associated Press and United Press of your activities."

The reader who sent the above to this office makes this comment:

"Orders seem to be out to beat the drums. A few farmers were in the village because of rain but they did not seem to be interested in the telegram. Certainly our farmers do not need a Federal dole at this time."

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend the remarks he intends to make in the Committee of the Whole today and include certain statistics on the power question.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

FILIBUSTERS

Mr. RANKIN. Mr. Speaker, the distinguished gentleman from Michigan [Mr. HOFFMAN] need not feel chagrined if he is accused of conducting a filibuster, one of the most effective operations ever indulged in by a minority to prevent a violation of their rights.

You will likely need the filibuster yourselves some day. The time may come when the ones who now imagine they are in the majority may find themselves in a hopeless minority indulging in a filibuster to save for the American people that great document which our forefathers fought to establish, the Constitution of the United States, which is today being attacked by the subversive elements throughout this Nation and by Communist fronts from one end of the country to the other.

I have no criticism of any man for having the courage to stand on the floor of either House of Congress and fight, or carry on a filibuster when it is to protect the rights of the American people.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is not a filibuster a violation of the rules of the House?

Mr. RANKIN. No; it is usually in the form of extended debate within the rules of the House or the Senate.

The SPEAKER. The time of the gentleman from Mississippi has expired.

EXTENSION OF REMARKS

Mr. RAINS (at the request of Mr. JONES of Alabama) was given permission to extend his remarks in the RECORD.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 235, making in order H. R. 3756 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That during the consideration of the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, all points of order against the bill or any provisions contained therein are hereby waived.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. Speaker, at this time I yield myself such time as I may require.

Mr. Speaker, there are now 19 corporations wholly owned by the United States Government. These corporations are, by and large, free from control either by the President or by the Congress, and yet they have the authority to borrow up to \$30,000,000,000 from the Treasury.

For a time, these corporations threatened to become an even greater force in our Government than Congress, their creator; and at times, they arrogantly snapped their fingers in the face of Congress. To curb this trend toward Government by Government-owned corporations, Congress passed the Government Corporation Control Act of the Seventy-ninth Congress.

It was the purpose of this law to bring Government corporations into conformity with the general financial program of the Government. Section 104 of that act established a systematic procedure whereby Congress would pass upon all budgets of the Government corporations as it now does for the regular agencies of the Government.

H. R. 3756 merely clarifies and restates the language of section 104 of the Government Corporation Control Act. This, and other language in the bill which would reduce Government expenditures, might be subject to a point of order under section 2 of rule 21 of the House. Thus, a single objection could prevent consideration of this bill which is expected to save the taxpayers many millions of dollars. To allow the bill to be considered on its own merits, the Committee on Rules has protected it from dilatory parliamentary technicalities by waiving points of order against it. We are all interested in reducing Government spending as expeditiously as possible, so I expect little opposition to this rule.

RULE WAIVES POINTS OF ORDER ON BILL REPORTED DAY BEFORE YESTERDAY

Mr. SABATH. Yes, Mr. Speaker, this rule waives points of order against a bill reported only day before yesterday. A

rule was hastily granted yesterday, and it is under debate today.

In this instance we will have before us the bill providing appropriations for 33 government corporations and independent agencies. Certainly I have had no time to study this bill carefully, and I doubt if other Members have had.

It is my understanding that all of titles 2 and 3 may be construed as legislation involving 22 pages of limitations, restrictions and changes in existing law.

Mr. Speaker, I am for economy in Government as strongly as any Member of this House; but I cannot stomach this penny-wise, pound-foolish false economy with which these Republican appropriation bills are loaded. It seems to me that the Committee on Appropriations has acted in haste, before the appropriate legislative committees could bring out their bills, to effect what members of this one committee have deemed to be necessary changes in existing law.

There are now pending before legislative committees bills that affect the administration, authority and functions of 13 of the 33 agencies and Government corporations for which appropriations are provided in this bill. Is all orderly procedure in this House to be abandoned in favor of fiat legislation by a single committee?

EVERY EFFORT TO HELP BUILD HOMES FOR VETERANS AND OTHER AMERICAN CITIZENS SCUTTLED

Every effort to provide decent homes for veterans and other American citizens has been scuttled. The National Housing Agency appropriation has been cut approximately \$12,000,000 of the entire reduction of fourteen million from last year's funds.

The Committee on Appropriations states in its report that it is "convinced that the program of trying to expedite the construction of residential housing has not been successful."

But I fail to note in the report any honest reasons given for that failure. I know the answer, and so do all of you who will face the facts. It is due to the secret conspiracy between real-estate operators and speculators, builders, contractors, suppliers, and the unconscionable profiteers in human need who torpedoed the administration's carefully planned program for allocating materials to the categories of greatest urgency, who withheld material from the legal market, who clandestinely supplied the illegal black market, who catered to high profits and selfish interests, diverted critical materials and labor to luxury construction, or who sat on their profits and refused to produce until their demands were satisfied, all with the active and enthusiastic help and applause of the Republican Party.

It has been a triumph of private greed over human need.

The reduction in appropriations for the housing agencies means that the program for expediting housing for veterans will be utterly and entirely abandoned, and so-called private enterprise will be free to gouge the veteran to the extent that he will be in debt the rest of his life for mediocre living accommodations,

PROMISES TO VETERANS UNFULFILLED

The responsibility for this situation rests squarely on the Republican Party, and the people know it.

Where now are those fine promises made so often and so loudly by the swarm of lobbyists who infested the Capitol last year, glibly promising that if only all price ceilings and material controls were removed private free enterprise would provide millions of homes for Americans? They are gone—gone with the wind and with other like promises.

Wilson Wyatt was doing a job; but the vast and smooth-working real-estate lobby scuttled his program—and then scuttled out of sight.

HOUSING AGENCIES HAVE DONE SPLENDID JOB

In the face of many difficulties and many obstacles, it is my belief that the housing agencies have done a splendid job. All over the land many wonderful public-housing projects will long be monuments to the imagination and daring and zeal of a distinguished group of administrators.

Last Sunday I was gratified to find in the Washington Post a long and laudatory article describing Greenbelt, and reviewing the turbulent history of that highly successful Government housing project on the tenth anniversary of its founding. I suppose there are many lobbyists in the galleries, and many Members on the floor, who would even like to see that project abandoned and its 8,000 contented residents thrown to the mercy of the real-estate wolves.

It is true that at times political pressure, or the pressure of the war agencies, or merely occasional unfortunate poor judgment, brought public housing into existence in bad locations. The impressive thing is that a start has been made toward providing decent shelter for that teeming one-third of a Nation, ill-fed, ill-clothed, ill-housed. The housing agencies, in peace and in war, proved that the job can be done. The lobby has won this fight; but they should realize that unless they can make good on their promises the program will start over again, bigger and better and with unanimous public support. After all, the real-estate men are glad enough to have a helping hand from the Government for themselves through FHA; they will have to realize that the people deserve a break, too.

Now, by this drastic slash, you have removed every vestige of hope that the Government might directly aid in building homes for the deserving men who served their country so well, and now are being so ill-served here.

BUSINESS LOBBY PROMISED EVERYTHING, DELIVERED NOTHING BUT HIGHER AND HIGHER PRICES

I do not know what other reductions have been made by this bill. It was reported only day before yesterday, as I have said, and the rule was granted yesterday in extreme haste. These few remarks are based only on my hasty reading of the report, which came to me this morning. I do not see how any arguments for economy can justify the unjustifiable and unwarranted cuts in the housing program. I believe that under the President's repeated proposals for permanent reorganization there could

have been added efficiency and better results.

It is unfortunate that too often we listen to the reports and persuasions of paid lobbyists and propagandists on legislation, and not to the people.

The same thing happened last year, especially just preceding the 1946 elections, when the National Association of Manufacturers, the American Meat Institute, the National Association of Retail Dry Goods Dealers, and all their accomplices in the murder of OPA promised everything if only the price controls were removed.

They have delivered nothing except higher and higher and ever higher prices, and higher and higher profits for themselves.

They said that with the "freeing" of private enterprise shortages would disappear, the black market would disappear, high prices would disappear.

Well, price ceilings were removed. The black market disappeared because black-market prices were legalized, or made even higher. Shortages have not yet disappeared; but it will not be long now before the customers disappear, and profits with them.

The big business lobbies seem to have the ear of the Republicans, and the Republicans follow that siren song blindly. The only comfort is that in another 18 months they too will disappear.

MEAT PRICES UP AGAIN

I charged at that time that all these promises were only falsehoods and lies intended to fool the people.

As you all remember, as soon as controls were taken off the prices of almost everything doubled, especially on meats, and I do not know of the price of a single article which is lower now than it was a year ago.

Now all the newspapers in the country, even those who were most vicious in the fight against OPA, have carried stories announcing that the prices of meats will advance from 8 to 10 cents a pound again.

I do not believe the American people can ever be fooled again by the false promises of big business.

There is no question in my mind but that OPA served the country well. Prices were held down all through the war. No one went hungry. Of course, housewives did not get all the meat they wanted because the packers went on strike until they could get their pound of flesh. They got what they wanted; the price control law was repealed; and immediately cattle and hogs began their stampede to the markets while the cold-storage plants were emptied, but of course at high prices, and in the face of warning after warning that the supplies of livestock were being exhausted and that the country would face future shortages and still higher prices. Those warnings now are coming true.

Therefore, I hope henceforth any assurances or pledges or promises on the part of these lobbyists that infest the House and infest Washington will be disregarded and that we will act according to our consciences and the wishes of our people back home.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman, as usual, for a question, please.

Mr. HOFFMAN. The gentleman is very, very gracious about it.

Mr. SABATH. I always try to be.

Mr. HOFFMAN. Well, you always are. You always succeed. There is no question about that. What I am wondering about is this meat and the shipping of it abroad by the Federal Government and whether that has anything to do with the price.

Mr. SABATH. It surely does not and cannot tend to reduce the prices.

Mr. HOFFMAN. I would not think so.

Mr. SABATH. I concede that. But the amount that is being shipped abroad is only a small quantity compared to what we are consuming in this country. I hope our country will be able to consume even greater quantities of meat, provided these hold-up people, the packers, will not mulct the American people as they are doing now. If prices were in reach of the average pocketbook we could all buy more meat and other farm products. I wish you would read their financial reports and see the amount of money that is being made by these packers. The largest ones are in my city. Some of the people who live in my district are employed by the packing industry; but, unfortunately, while these packing houses were controlled by pretty honest men like Armour and Swift in years gone by, now they are controlled by Wall Street and they are obliged to take their orders from the Wall Street financiers who now control not only the packing industry but nearly every segment of American private enterprise, and who are interested only in profits, profits, and ignore fair play and the rights and interest of the American people.

Only last night I heard on the American Forum of the Air the Senator from Wyoming, Mr. O'MAHONEY, and our genial friend the gentleman from Tennessee [Mr. KEFAUVER] reciting facts and figures to the NAM spokesman and their Wall Street lawyer on the vast power of the combinations, the huge percentage of industry owned by just a few big corporations as compared to the little fellow, and how the little fellow is being driven out of business by these avaricious financiers.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield again?

Mr. SABATH. I yield.

Mr. HOFFMAN. Do you think we should have continued the OPA indefinitely?

Mr. SABATH. No; not indefinitely.

Mr. HOFFMAN. About how long?

Mr. SABATH. Until conditions were adjusted so that the people would have sufficient food and so that the general civilian production would have been sufficient for everyone, and so that there could be genuine competition that would control prices. As it is now, we have repealed the Price Control Act at least 9 months or perhaps a year before it should have been repealed.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield? I want to get your estimate. I value the gentleman's opinion very highly. I want to get your opinion as to the months or years that you think we should have continued the OPA.

Mr. SABATH. I thank the gentleman for the compliment. I repeat what I just said, that I think it should have been continued for another 9 months or 12 months, and by that time I believe conditions would have been adjusted so that the public would not be mulcted by these willful profiteers.

Mr. HOFFMAN. You said that the packers in Chicago, as I understood you, were controlled by Wall Street?

Mr. SABATH. Yes, sir.

Mr. HOFFMAN. Now, Wall Street is controlled by the international bankers, is it not?

Mr. SABATH. That expression "international bankers" has been used before.

Mr. HOFFMAN. So have the words "Wall Street."

Mr. SABATH. And, also, the House of Morgan and a few others.

Mr. HOFFMAN. And Kuhn, Loeb & Co.?

Mr. SABATH. And Kuhn, Loeb & Co.; yes, sir. I agree with you. Moreover, they are closely affiliated with British finance, as is the Morgan firm, and with other European financiers as well.

Mr. Speaker, I have said what was in my mind in paying my respects to these profiteers and gougers and with reference to the high cost of living that they have brought about and also concerning the promises that you gentlemen on the other side made to the American people when you pledged that you would reduce the cost of living and reduce the outrageous prices saddled on the backs of the people by the trusts and combines which, as I said before, seem to control your actions, with your help.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and I reserve the balance of my time.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as she may require to the gentlewoman from New York [Mrs. ST. GEORGE], and I ask unanimous consent that she be allowed to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mrs. ST. GEORGE. Mr. Speaker, if our Government is to survive it can only do so through the devotion and sacrifice of our people. By the same token if it is destroyed, we, ourselves, will be responsible for our own downfall.

This Republic can only survive and progress if we have an enlightened and educated electorate, who know and understand the mechanics of Government in a free Republic.

In my home county of Orange, we have a youth in Government project, sponsored by the YMCA and under the super-

vision of the three district-school superintendents, high-school principals, and county officials.

Under this program the high school pupils organize into two political parties, patterned on our two major parties. They hold conventions, file petitions, write party platforms and then go out and campaign for all the State and county offices.

After they have been duly elected, they each serve one day in the office of the official that they represent.

This year for the first time the two parties nominated candidates for Congress and the young man who won the election is here with me today, also the defeated candidate and two school mates.

I believe, Mr. Speaker, such a project should be inaugurated in every school in our country so that our young people, when they come of age, will be ready to assume their obligations and responsibilities.

I am proud that the young people of Orange County, N. Y., are being given the opportunity of understanding how their Government functions and what their duties as citizens are.

As long as the youth of our Nation knows and accepts its responsibility, so long freedom will endure.

The day that they are too lazy and ignorant to guard and know their rights, that day liberty will perish from the earth.

As far as liberty is concerned, we, today, are the light of the world.

We must make that light shine before men.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Speaker, I wish to say a few words in opposition to the rule which has been proposed today, waiving points of order on this bill. I am vigorously opposed to this rule. What I have to say I wish understood as no personal reflection upon the members of the Rules Committee or of the Appropriations Committee, because I have a high regard for the members of both of those committees. But, Mr. Speaker, the procedure we are following today in waiving points of order on this bill and approving legislation on an appropriation bill, is soon going to lead to a situation where we might as well abolish all of the other committees of the House of Representatives except the Appropriations Committee.

The dangerous encroachment of assuming the jurisdiction of legislative committees not only in this bill but in other bills we have considered recently, but particularly in this bill, is the worst possible sort of legislative policy. I only received a copy of the bill and the report of the committee on yesterday. It would be humanly impossible within that short length of time to consider all of the matters of legislation on this appropriation bill and be in a position to discuss them intelligently. They deal with and amend laws which have long legislative histories and upon which legislative committees have spent months of consideration.

I do, however, want to call the attention of the House to two particular items

which are typical of the kind of legislation we are getting into appropriation bills and thereby depriving the regularly constituted committees of the House of their jurisdiction to consider changes in basic laws that this Congress has passed.

Mr. Speaker, throughout the years the Tennessee Valley Authority has rendered a great service to the Nation both in times of war and in times of peace. It is now so far as its major projects are concerned almost completed. Over a period of years the investment in power facilities of the Tennessee Valley Authority is going to be paid back to the Federal Government and then for hundreds, five hundred, or a thousand years—because these dams that are built there are part of the mountains in which they are located and they will last forever—then for all those years that great investment will belong to the people of the United States.

Mr. Speaker, the Military Affairs Committee of the House of Representatives, the Committee on Agriculture and Forestry of the Senate before the Reorganization Act was passed considered many, many time the amortization, or section 26, of the TVA Act relative to the use of its receipts and the paying back to the United States Treasury. They have worked out various compromises which were satisfactory to the people of the Valley, to the TVA, and to the Members of Congress. Only last year, Mr. Speaker, the Committee on Expenditures in the Executive Departments of the House in passing the bill having to do with financial control of governmental corporations, Public Law 248, went into this whole problem and worked out a satisfactory solution. This was also approved by the Senate Banking Committee and approved by the Senate.

But we are now legislating without the Tennessee Valley Authority having an opportunity to be heard; without any representatives of the 7,000,000 people who live in the Tennessee Valley and the 750,000 customers it serves having an opportunity to present their side of the argument. Without any opportunity of the people who are eventually going to pay back this investment in power having an opportunity to appear and present their side of the case.

We have in this bill, beginning on page 7, legislation that is ill-considered, legislation on an appropriation bill that may do much harm to TVA.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. In a moment I will yield.

Legislation that has not been given thorough consideration, has not been thought thorough; and I am very much afraid of the disastrous results it may have.

I yield to the gentleman from Missouri.

Mr. PLOESER. Certainly no one denies the gentleman the right of expressing his opinion, and my personal regard for the gentleman leads me to believe that his opinion is most interesting; but in observing what the gentleman has said in the statements he has made to the effect that we have done this without any consultation with the Tennessee Valley Authority, the gentleman is assuming something for himself that

the committee did not dare to assume for themselves. This, of course, has not been done without consideration, without a year's study, or without consultation with the Tennessee Valley Authority. So if the gentleman proceeds, please get all of the facts so that his statement may be more accurate.

Mr. KEFAUVER. May I ask the gentleman if any of the officials of the Tennessee Valley Authority had any opportunity of testifying before his committee in connection with this amendment of section 26. Did any of the customers or citizens of the Valley have a chance to be heard?

Mr. PLOESER. The gentleman knows, of course, the custom of the House not to hold open hearings before appropriations subcommittees.

Mr. KEFAUVER. That is what I am objecting to.

Mr. PLOESER. There are representatives of the State of Tennessee here in this House. They represent the people or it is presumed that they do.

Mr. KEFAUVER. My point is, Mr. Speaker, that we have large distribution systems in the Tennessee Valley which have cost the cities, the municipalities and the people hundreds of millions of dollars. They entered into contracts with the TVA based upon the fact that section 26 was in the law, that it would give TVA flexibility in operation, and those contractors, obligating the people, the municipalities, and the cities, ought to have the opportunity to come to the Congress itself, to a legislative committee, and present their side of the problem before such a basic change is made in the charter of the Tennessee Valley Authority. Of course we have Representatives in Congress from Tennessee, capable Representatives but they cannot presume to speak for the people of the Valley when there has been no opportunity of expression from the people.

Mr. RAINS. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Alabama.

Mr. RAINS. The gentleman from Missouri a moment ago stated that the rule in the Appropriations Committee was that there could not be open hearings. Is that not all the better argument why this legislation and this particular bill should have been aired at open hearings?

Mr. KEFAUVER. Exactly.

Mr. RAINS. Before the Public Lands Committee, for instance.

Mr. KEFAUVER. I may say to the gentleman that four legislative committees of the Congress, the Military Affairs Committee of the House, the Agriculture and Forestry Committee of the Senate, the Committee on Expenditures in Executive Departments of the House, and the Banking Committee of the Senate, have worked this problem out after long and tedious hearings at which everybody had opportunity to be heard and where representatives of the people, the distributors, the Tennessee Valley Authority, and everybody who had an interest in this great project, could come and tell the members of those committees what they thought about it. They reached a satisfactory solution. Now here in execu-

tive session without any representative of the distribution systems or the people, they make this radical change, and in looking over the hearings questions on the amortization provision were not asked of any witness of the TVA when they appeared before the committee. There is no discussion on this legislation in this appropriation bill in the hearings that I have been able to find, even before the Committee on Appropriations.

There have been no hearings on the legislative provisions of the bill. A few casual references were made in the hearings to an amortization scheme which has since been abandoned, but there was no opportunity on the part of TVA to explain to the committee the effect that the bill would have upon its operations. Even more important, the people of the region have had no opportunity to present their point of view and to assert their rights not to be prevented by arbitrary fiscal requirements from securing adequate electric service. This is not the way to write sound legislation, and it is therefore no surprise that the legislative provisions of the bill are unsound. It discriminates without basis or justification against a great region of the country, which Congress has pledged itself to help rather than to hurt.

The TVA Act authorized long-term contracts with municipalities and cooperatives, and over 140 such contracts have been signed in reliance on the provisions of section 26, which were designed to provide the means for assurance of adequate electric service. 750,000 consumers are entirely dependent for this necessity of modern life upon the ability of TVA to carry out its commitments. Neither the consumers nor the municipalities or cooperatives which serve them would ever have allowed their welfare to become dependent upon TVA power supply were it not for the provisions which Congress established to permit TVA to fulfill its obligations. A change in the rules of the game at this time would be a breach of the trust reposed in Congress by the people of the Tennessee Valley.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Iowa.

Mr. JENSEN. I am sure the gentleman does not want the RECORD to show that the Tennessee Valley Authority did not appear before this subcommittee on several occasions. Mr. Platt, the Administrator, appeared.

Mr. KEFAUVER. Oh, yes. I have read the hearings, I may say to the gentleman.

Mr. JENSEN. We had full and complete hearings with the official body which governs TVA. If the gentleman as a citizen of the Tennessee Valley does not want a few men to run that great TVA, then I would suggest the gentleman introduce legislation to abolish TVA.

Mr. KEFAUVER. I do not see how the remarks of the gentleman are pertinent.

Mr. JENSEN. They certainly are pertinent. The Administrator speaks for TVA, lock, stock, and barrel. If the gentleman does not like that empire within an empire, it is his duty to introduce legislation to abolish that empire which is run by a dictator.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. KEFAUVER. Mr. Speaker, we in the Tennessee Valley are entirely satisfied and very happy with the management of the Tennessee Valley Authority. What we do object to is that the people, the representatives of TVA and anyone else who is interested have not had an opportunity to be heard on this language which hits at the very heart of the charter of the Tennessee Valley.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I cannot yield to the gentleman.

Mr. JENSEN. I do not blame the gentleman.

Mr. KEFAUVER. I must finish my remarks.

Mr. RANKIN. I was going to say that, instead of being a dictator there, the Tennessee Valley Authority is simply carrying out the law passed by the Congress.

Mr. KEFAUVER. That is right. Let me point to another thing, and I do not know whether many of you have had a chance to read this section or not. Section 104 of this act, page 24, assumes a large part of the authority of the Committee on Expenditures in the Executive Departments.

If section 307 is enacted in the form reported by the committee, it would reconstitute section 104 of the Government Corporation Control Act so as to make that section substantially the same in language and in effect as committee print No. 2 of the original Whittington bill, H. R. 2177, issued June 6, 1945, by the House Committee on Expenditures. The original Whittington bill was not only unalterably opposed by TVA and all those dependent on the TVA power system but was affirmatively rejected by the House committee itself, which reported out H. R. 3660, the present law, as a substitute measure.

The amendment to section 104 proposed by the committee specifically contemplates the enactment of annual legislation limiting the use of corporate funds or other financial resources as Congress may determine, and provides that section 26 of the TVA act shall not be affected thereby except as specified in such legislation. Enactment of such an amendment to section 104 would be akin to an outright repeal of section 26. At the present time TVA is authorized to utilize the revenues from its power system for the operation and maintenance of that system and for the provision of necessary direct power facilities. All of the power commitments made by it in the Tennessee Valley have been predicated on the possession of that authority and on the ability to plan the wisest and best use of its power revenues for power system purposes. If this amendment is made effective, however, TVA and all of its municipal, cooperative, industrial, and other power customers would have to assume that as of July 1 of any year it might be deprived not only of the revenues needed for the provision or replacement of necessary capital items but of those required to meet production costs, pay rolls, and other operating expenses. In ultimate

result, therefore, the amended section is open to the same objection as the original Whittington bill, which was so emphatically rejected, namely, that it serves to subject TVA, as well as other Government corporations, to the uncertainties of an annual charter which may or may not be renewed each year in whole or in part in the discretion of a congressional appropriations committee.

By the TVA Act and the various amendments which have been added to it from time to time, Congress has carefully and particularly enunciated the policies by which it is to be guided and the specific powers and duties which it is to exercise and discharge. By that act TVA was given a mandate to accomplish certain specific results in a specified geographical area as part of a long-range continuous program. It has been directed to construct a series of multiple-purpose dams and reservoirs on the Tennessee River and its tributaries, to control the destructive floods on that river system, to provide a 9-foot navigable channel on the Tennessee from Knoxville to its mouth, to generate electric power at those projects, to market that power by means of transmission lines and substations to be constructed and maintained by TVA, and to contract with communities within transmission distance to supply their power requirements over long-term periods. As a part of this interrelated and integrated program Congress expressly authorized the acquisition by TVA of the privately owned generating and transmission properties previously serving large parts of the area.

In imposing this mandate upon TVA as a regional corporation, Congress has made a commitment to the people of the area that TVA's essential function of power supply will continue to be performed efficiently and without interruption. In accepting and executing this congressional mandate, TVA, under long-term contracts entered into over its 14 years of existence as specifically contemplated by the TVA Act, is committed to supply the full power requirements of 139 municipal and cooperative distribution systems, serving 750,000 consumers in an area of 80,000 square miles.

No one will deny that TVA has performed an excellent job in meeting its obligations under the above-mentioned power contracts. But neither will anyone claim that it could have performed such a first-rate job had it not been for the provisions of section 26 of the TVA Act. And this section, it must be remembered, does not confer any superpowers or authority upon that agency. On the contrary, it does nothing more than permit TVA to apply its operating revenues to the operation of its dams and reservoirs, to the operation and maintenance of its power system, and to the replacement of old and the provision of new direct power facilities necessary for the conduct of its power business. This authority is far less than that conferred as a matter of course upon the board of directors of any privately owned and operated utility system in the country. In delegating that authority to TVA, Congress has given it no more than the bare minimum of

discretion essential to the efficient operation of a power business.

The Federal Government has invested several hundred million dollars in the multiple-purpose dams which have been built by TVA. The power from those dams is not only being absorbed by 750,000 consumers over an 80,000-square-mile area, but that area is dependent upon the continued and uninterrupted flow of that power for its very life. TVA power operations are now ably and efficiently conducted, and the amount of the Government investment in TVA power facilities is being and will continue to be returned to the Federal Treasury at a rapid rate. All this has been made possible by the relationships which have thus far existed between TVA and the distributors of TVA power, which have presented a splendid example of cooperation on the part of Federal and local agencies. That fine relationship can continue only so long as TVA's power customers are able to retain their confidence in the ability of TVA to carry out its power-supply commitments. It is perfectly apparent that no city in the TVA area can afford to let itself become dependent for electricity on a source of supply on which it cannot rely from year to year. If Congress insists on taking action which will destroy existing confidence in the continued ability of TVA to meet the continuing needs of its power customers, those customers will inevitably seek ways and means of securing another source of power. It is not too much to say that the success or failure of the TVA program hinges on the provisions of this section 307. To enact that section into law would be to cancel out the work of 14 years.

Repeated efforts have been made to deprive TVA of the power to use its revenues to meet the essential requirements of its power system operations as authorized by section 26 of the TVA Act. Each time such proposals have been carefully considered by the Congress, and rejected. Each time Congress has concluded that it is not equipped to determine the operating needs of a power system, the operating expenses of which may vary as much as \$15,000,000 between a wet and dry year. Each time Congress has determined that it should not reduce the already irreducible minimum of managerial discretion which it had delegated to the TVA Board of Directors. Each time Congress recognized that it could not wisely decide where or when or what kind of a new substation or transmission line might be needed. Each time Congress concluded that questions in this category do not present the smallest kind of a political or policy issue, but involve pure management decisions for which it should hold the TVA Board of Directors wholly responsible.

When the Corporation Control Act was enacted by the Seventy-ninth Congress, section 26 of the TVA Act was again carefully appraised and its essential character reaffirmed; and section 104 of the Control Act was so worded as to provide that none of its provisions should be construed as effecting the provisions of said section 26 in any way.

In reporting out the Corporation Control Act as it was finally enacted into law,

the House Committee on Expenditures in the Executive Departments and the Senate Committee on Banking and Currency, using identical language, had the following to say concerning section 104:

To insure that such legislation would not be used as a means of destroying any Government corporation or preventing it from carrying out and financing its authorized activities, this section includes a specific provision that it shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law.

The section also provides specifically that no provision thereof shall be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. This language preserves intact the right of the Tennessee Valley Authority to utilize its receipts in carrying out certain operations and business activities as authorized under present law. The budget program of the Authority would be prepared and submitted on that basis and the Congress in passing on such program would take no action based on this bill which would interfere with such right or set a limitation on the use of such receipts for those purposes authorized under said section 26. The committee feels that the present arrangement established by law as to the use of the Authority's receipts is working satisfactorily and that if any occasion should arise hereafter for changing such arrangement, this should be done by an amendment to the substantive law.

Here we have two legislative committees of the Congress warning that the removal of the safeguards written into the original section 104 would constitute that section a means of destroying any Government corporation or preventing it from carrying out and financing its authorized activities. Here we have two legislative committees of the Congress stating that the present arrangement established by law as to the use of the Authority's receipts is working satisfactorily and that if any occasion should arise hereafter for changing such arrangements, this should be done by an amendment to the substantive law. In other words, two committees of this Congress to which have been entrusted the responsibility of passing upon the enactment and modification of substantive legislation have warned against any direct or indirect change in the provisions of section 26 of the TWA Act except after full hearings before a legislative committee, which after all is the regular and accepted procedure which Congress by its rules has provided for the accomplishment of such a result. This appropriation bill flies in the face of that warning in many particulars. It does so particularly and most flagrantly in proposing section 307. Certainly this Congress, having enacted important and essential legislation only after the most careful consideration, and after full hearings and debates, and after rejecting numerous similar proposals as unwise and ill-considered, does not intend to gamble the essential results and objectives of that legislation upon recommendations of an appropriations subcommittee, reached on a speculative basis with no hearings whatsoever.

But what happens here, gentlemen? In section 104, the members of the Committee on Expenditures in the Executive Departments may not have had time to look it over, but the Committee on Ap-

propriations is assuming jurisdiction of the Expenditures Committee by saying that in the future you do not even have to have a closed rule in order to consider any limitation or any arrangement about the retirement of debt or the amortization of power projects; that is, that they shall be germane. They are transferring the jurisdiction of the legislative committee by section 104 directly to the Committee on Appropriations.

The SPEAKER. The time of the gentleman from Tennessee has expired.

(Mr. KEFAUVER asked and was given permission to revise and extend his remarks and include excerpts.)

Mr. SABATH. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. JONES].

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

Mr. JONES of Alabama. Mr. Speaker, it is difficult for me to see how the Committee on Appropriations and the Congress can justify, under the watchword of economy, the reduction made in the budget recommendation for fertilizer experimentation and munitions developments at the TVA, Muscle Shoals, Ala., plant. Heretofore, in other appropriation bills we have recognized, as we should, the urgent necessity for research for the military, looking, of course, to the defense of our country. Recognizing, as all of us must, that the first line of defense of this Nation in every war has been the fertility of the soil of the farms of America, how can we now become so short-sighted in the name of economy as to support a reduction in the funds necessary to carry on the experimentation work needed for the preservation and further development of the farm lands of our Nation? This attitude and the action of the Appropriations Committee in reducing the budget estimate for this work is certainly penny-wise and pound-foolish.

It is needless for me to remind the Members of Congress who represent agricultural districts that there is a great hue and cry among farmers today not only for more fertilizer with which to enrich their soil, but better fertilizer. The Muscle Shoals TVA fertilizer plant is dedicated to the development and test of new fertilizer products, in an effort to see whether farmers having materials in concentrated form can work out a program of farm management that will make soil fertility and conservation pay in the farm enterprise. This very worthwhile program is carried on by the Tennessee Valley Authority in test-farm demonstrations in conjunction with, and with the assistance of, county agents of the State extension service.

Mr. Gordon Clapp, Director of the TVA, in his testimony before the subcommittee, states that—

We use about one-fifth of the plant capacity for distribution through the test demonstration farm program which has been set up in cooperation with the extension services of the States, principally in the valley, but also in a number of States outside the Tennessee Valley.

It has been said that civilization itself depends upon the 6 inches of topsoil on the face of the earth. We have made great progress along the road to soil con-

servation in this country; however, I am one who believes that we have only begun a fight which must be carried on if we are to preserve the productive capacity of the farms of America. We not only must prevent the erosion of our farm land, but we must find support, and advocate every possible means for the enrichment of our soil. Where, then, Mr. Speaker, is the wisdom of hampering a program of research, in any particular, dedicated to the urgent necessity of finding means for increasing the productivity of the farms of America?

There was a time when the demand for commercial fertilizers was in a large measure localized in the Southern and Southeastern States. This situation no longer exists. The Department of Agriculture states that the average annual consumption of fertilizer in 1935-39 was 7,537,631 tons. There has been an increase in consumption of commercial fertilizer of approximately 1,000,000 tons each year from 1940, when the consumption was 8,249,256 tons. It is interesting to note that the notable increase in consumption has been in the North Central and Western States, where it is two to three times the prewar level. From these figures it is evident that the need and demand for more and better commercial fertilizer is of interest, not only to the farmers of the South, but to those of the Middle West and the far West, as well.

The Department of Agriculture in August 1944, recommended that Government ammonia plants, with a rated capacity of 300,000 tons of nitrogen be converted for the production of nitrate fertilizer and ammonia derivatives as soon as the war conditions would permit. By August 1946, plans for the use of these individual plants were well worked out. The TVA plant at Muscle Shoals, Ala., was supplying a large part of this very needed ingredient for commercial fertilizer. Last spring, in an effort to meet the ever-increasing demand for commercial fertilizer, on the part of the farmers of this country, and at the insistence of the Members of Congress, the Department of Agriculture stated that full cooperation was being given to Government agencies, meaning the TVA, and private producers to obtain the maximum production of fertilizer, and to expand facilities where feasible. And yet, here we are today, in the face of an extreme shortage, failing to recognize the need for further development of research in the commercial-fertilizer field, curtailing the essential expenditures necessary of the one plant which is charged with the duty, by law, of giving to the farmers of this country, the type and kind of fertilizer their soils need.

Mr. SABATH. I have no further requests for time, Mr. Speaker.

Mr. ALLEN of Illinois. Mr. Speaker; I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. JENSEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3756) making appro-

priations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided and controlled by the gentleman from Tennessee [Mr. GORE] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Iowa.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3756, with Mr. ANDERSON of California in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. JENSEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, at the outset of my remarks I wish to pay high compliment to the members of this subcommittee on Government Corporations of the Committee on Appropriations, of which I have the honor of being chairman. Last year for the first time this bill was considered by the Congress. The bill, which is known as the Government Corporations Control Act, was passed in 1945. Hence it was necessary for the Congress to name this committee to look into the fiscal functions of these many Government corporations.

Until this year there were only five members of this subcommittee, the able gentleman from Texas [Mr. MAHON], the able gentleman from Mississippi [Mr. WHITTEN], the able gentleman from Tennessee [Mr. GORE], the minority members of the committee, with whom it is a pleasure to work, and my right-hand man, the gentleman from Missouri [Mr. FLOESER], a most able and conscientious public servant, and myself. Due to the fact that there was a lot of work to be done in relation to the duties of this committee, at the outset of this Congress I requested that the subcommittee be increased to seven members. We now have with us on the committee our able colleague, the gentleman from Oklahoma, Mr. GEORGE SCHWABE, and our very able colleague, the gentleman from New York, Mr. FRED COUDERT, both of whom have been most diligent and cooperative and have rendered valuable service.

We also have with us this year as clerk of the committee, Mr. Claude Hobbs. Claude has done a great job for the committee. Ken Sprangle also helped us considerably as clerk, although he is clerk of other committees. Then we had our very efficient Chief Clerk, Mr. George Harvey, who is always available on call.

I have the highest regard for the staff which assisted us in this very important job of looking into the Government corporations which have borrowing and lending authority of our taxpayers' dollars in the amount of over \$30,000,000,000 and all the power that goes with it over our economy.

We asked for a rule on this bill because we are asking for some additional authority and jurisdiction which we feel Congress needs and must have in order properly to look into the operations and the functions of this widespread program of lending and spending of this huge sum of the people's money, any time we, the people's representatives, see fit to do so. We have asked in this bill for authority to look into not only their administrative functions but also to keep close supervision over their lending and spending authority.

When the Government Control Act was originally passed, the report submitted to the Congress by the Committee on Expenditures in the Executive Departments stated that all Government corporations, both fully and partially owned, were to be brought under the jurisdiction of the Congress. But through some fast footwork by spokesmen of some of the partially owned Government corporations they were not included in the bill. So we are asking that several of the partially owned Government corporations also be brought under the jurisdiction of Congress. I cannot imagine that anyone who believes in representative government and in the Constitution of the United States feels that the representatives of the people should not have the authority to look into all the functions of government.

We have in this bill for administrative expenses for these departments \$41,649,700, which was a reduction from the budget request of \$14,847,550. For other items, including some administrative expenses, as well as construction for the TVA and some other items as set out in the report which I will insert in the RECORD following my remarks, we have allowed \$36,097,580, which is \$14,039,920 below the budget estimate, a 28-percent reduction in the budget request.

We have purposely made this report quite lengthy. You will note the report consists of 52 pages. Our reason for making the report quite complete and comprehensive is because there are so many things the American people and the Members of Congress would like to know about concerning the activities of these Government agencies, and we felt it right and proper to explain quite in detail in this report just when these corporations were organized; the kind of charter they have; when the charter expires, and also the amount of their borrowing authority, and many other pertinent facts.

Mr. Chairman, I could at this time go through this bill and talk about many things and thus take up the time of the House. But I presume that most of the items will be discussed later. There are some things I wish to call to the attention of the Members of the House and the American people at this time. Those of you who were present heard the gentleman from Tennessee [Mr. KEFAUVER], for whom I have the highest regard, but who, like the rest of us, occasionally is wrong. This is one case where the gentleman from Tennessee is wrong. I know he will tell you that he and I have been in close agreement on a number of bills and that we do respect each other.

But the gentleman just stood on this floor and said:

Why were not many people of the Tennessee Valley and the officials of the municipalities, and so forth, permitted to come before the committee and testify and give their ideas about this, that, and the other?

When the TVA was organized a board of three members was appointed, with almost complete autocratic power over the business of the TVA. I am sure no one will disagree with me on that. They appointed a chairman of that board. The present Chairman is Mr. Gordon Clapp, and I want to say at this time that Mr. Clapp made as good a presentation as any witness that I have heard before a committee of Congress, of which I am or have been a member. He gave testimony willingly and knew what he was talking about; Gordon Clapp knows that I do not approve an authority in any river valley in the United States, because I do not approve of empires within empires, especially in our United States of America. Gordon Clapp knows, as I told the board while in Knoxville last year visiting that great project, that I had gone along with TVA, as most of the other Members of Congress have, and that I did not propose to introduce a bill to abolish TVA, but that I certainly would fight to the last ounce of my strength to stop another authority such as TVA being instituted on any other river valley of America.

Mr. RANKIN. Mr. Chairman, will the gentleman yield right there?

Mr. JENSEN. I yield.

Mr. RANKIN. Does the gentleman know of another river valley in America which does not have an authority that has developed its water power, promoted navigation, and controlled its floods? If so, I should like to have the gentleman point it out.

Mr. JENSEN. May I remind the gentleman that no river valley in America has had almost \$900,000,000 of the American people's money to do that kind of work. You can do a lot of things when you have almost unlimited funds to spend at will.

Mr. RANKIN. I can show you other streams on which hundreds of millions have been spent and they still have not controlled their floods. It will be the high dams on the Tennessee that will prevent a disastrous flood on the lower Mississippi this year, if we escape one.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. PLOESER. I think it is a little early to observe about the control of floods, because the Tennessee Valley Authority themselves say they have not done that. They are seeking new funds and new dams in the hope they will get them under control. So I would not take all the credit for complete control of floods until it is an accomplished fact.

Mr. RANKIN. I did not say complete control; but they are moving in that direction, and they have prevented one or two disastrous overflows on the lower Mississippi, and saved the city of Cairo at one time.

Mr. JENSEN. Some folks who live in the Tennessee Valley say "Yes, of course they have stopped floods because they

have inundated most of the land with their lakes that flooded before TVA." Of course, that surely is an exaggeration. The gentleman from Tennessee and the gentleman from Mississippi, who are members of this committee, have counseled with us, yes, compromised with us, until we are in almost complete agreement with the provisions in this bill. I wish to say the feeling of this committee is that the Tennessee Valley has done a good job in the commercial fertilizer field and that it is a national benefit.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. JENNINGS. As the Representative in Congress from the Second District of Tennessee, which is in the heart of this development, I wish to commend the gentleman from Iowa for his fair attitude in this matter and the provisions in this bill with respect to the repayment of the money which the Government used for this power development into the Treasury over a period of 40 years. In my opinion this will be easily met. It is really putting into law what has heretofore been the practice of the Tennessee Valley Authority. I am glad to see that this matter is not before the House in any controversial aspect but that it is the result of a compromise. I believe that as time goes on there will be increased production of power that will augment the income of this authority and that within the period fixed by the gentleman's committee all of this money will be paid back into the Federal Treasury so far as the cost of the power facilities are involved.

Mr. JENSEN. I appreciate the statement by my very fine friend and able colleague from Tennessee.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. KEFAUVER. The gentleman has stated that it is contemplated that the money is to be amortized over a period of 40 years, yet the report on page 12 states that it is contemplated that the Congress approving the Authority's budget each year will specify the amount to be returned to the Treasury during the ensuing year. So as I understand it this does not settle anything on a fixed basis. It says 40 years, but according to the report and according to the bill itself, the Appropriations Committee is given the power to take such an amount of money that they could make them pay it back in 20 or 25 years.

Mr. JENSEN. If the gentleman would read the bill and the report he would not make that statement. The language is very plain and specific. For the edification of the gentleman and for the information of the House I should like to read the language.

Mr. KEFAUVER. May I ask the gentleman the meaning of the language of the third sentence on page 12 reading:

It is contemplated that the Congress in approving the Authority's budget each year will specify the amount to be returned to the Treasury during the ensuing year.

It does not mean 40 percent. Really, it does not mean anything.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, the Congress of the United States up to the fiscal year 1948 has appropriated the sum of \$371,870,759 for power facilities for the Tennessee Valley Authority.

Up to that time the Tennessee Valley had paid back in two payments from power receipts and also in six payments on the bonds which the Reconstruction Finance Corporation holds against them, an amount of \$23,631,519, all of which can be found on page 11 of the report, leaving a balance of \$348,239,240. That is the amount we have specified in this bill for TVA to pay back into the Treasury of the United States over a period of 40 years under a plan which will not adversely affect the activities of the TVA.

We say that each year they shall pay back 40 percent of their net income on power revenues, which means 40 percent of their net power earnings; that they shall pay in each 10-year period 25 percent of \$348,239,240, and that each Congress shall justify an amount which they feel TVA should pay that year. That is because of the fact that dry years may reduce their revenues. We are giving them latitude in which to operate.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. KEFAUVER. I am sure the gentleman and the members of the committee have the best of intentions about the matter. The gentleman said they would have to pay back 40 percent. I call the gentleman's attention to the language in line 9, page 8, that they shall pay back not less than 40 percent. That leaves it in the discretion of the Appropriations Committee to make them pay back 90 or 95 percent.

Mr. JENSEN. If the gentleman has no confidence in the members of the committee or Members of Congress, then I would say he has reason to get up on the floor and argue that way.

Mr. KEFAUVER. I am not expressing any lack of confidence in the members of the committee but I just wondered if that "less than" was an inadvertence, whether it should be in the bill. Other committees may come along years afterward that I would not have confidence in.

Mr. JENSEN. The gentleman from Tennessee, Mr. ALBERT GORE, is a member of this committee. I am sure you will accept his judgment.

Mr. KEFAUVER. I would take Mr. GORE's word for any matter, as I would the word of the gentleman from Iowa, for whom I have the very highest respect, as well as the other gentlemen of the committee.

Mr. JENSEN. I can assure the gentleman that this is not snap judgment, that we sat for weeks and weeks working out what we thought was a fair, just, and reasonable pay-back schedule for TVA and on other items in this bill.

Mr. KEFAUVER. Is it the idea of the gentleman that they pay back 40 percent of their net each year, or not less than 40 percent, and it may be considerably over 40 percent as decided upon by

the committee from year to year? I want to know which it is.

Mr. PLOESER. If there is no objection I would like to have the privilege of answering that. We had a choice of working out some flexible amortization plan, or we had the choice of a rigid, fixed amortization plan whereby they would pay a fixed charge for 40 years until they amortized the investment. I personally prefer that type of amortization that can be fixed on operations. I think the plan as proposed is a simple and in some manner an ingenious plan. It divides the 40 years into four periods of 10 years each in which the Tennessee Valley Authority is to seek in that period to make at least a 25-percent amortization. Now, because of climatic conditions, having a great bearing on the operation of these dams and power projects, it was thought that we should make it sufficiently flexible so that there would not be a fixed charge over and above the \$2,500,000 bond retirement each year. The way it works, the net income, or what some might call net profits, after all expenses are paid and after the \$2,500,000 on bond retirement is paid, that net income is divided, 60 percent retained in the operating fund of the TVA and 40 percent returned to the Treasury. Forty percent is the minimum. There may be years in which this operating income is of sufficient size that it would be easy for TVA to make a greater payment the 40-year amortization program. This is a plan that has been agreed upon by everyone. If the gentleman has anything better that he cares to offer, certainly we are open minded and will be glad to consider it, even though it is a little late in the day.

Mr. KEFAUVER. I may say to the gentleman that I had no opportunity to appear before the subcommittee.

Mr. PLOESER. Neither did the gentleman ask for an opportunity.

Mr. KEFAUVER. You had no open hearings, and we had no way of knowing that you were writing an amendment to section 26. The people of my section would like to have come.

Mr. PLOESER. If the gentleman will read the report on the appropriation bill for 1947, there he will observe that this committee recommended a 40-year amortization program last year and expressed its intent to devise such a program, and all we have done this year is work out that on which we gave you 12 months' notice. I have never seen, in the years I have served on the Committee on Appropriations, any Member of the House denied a hearing. You had 12 months' notice. The hearings proceeded as they normally do, season after season, and you were most welcome. We did not go around and solicit you individually because, very frankly, we are not looking for any more work than we have.

Mr. KEFAUVER. I will say to the gentleman that the House has always refused to put in legislation on section 26 in appropriation bills, and it has always fought down the Senate amendments that were put in by that body from time to time. Certainly, I had no knowledge that they expected to legislate on section 26 in this appropriation bill, and

I also know that a good many people down in the valley have been somewhat concerned about not having had a chance to present their point of view about the matter.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes.

The gentleman from Tennessee [Mr. KEFAUVER] said he had no idea that we were going to operate on section 26. If this operation on section 26 of TVA disturbs the gentleman, I might suggest that the gentleman keep his ears and eyes wide open, because from now on this Congress will operate on a lot of things that need operating on in Government. We are going to cut out a lot of cancers so that they do not destroy the body politic of America. So, I would suggest that the gentleman watch very closely the operations which we are going to perform on the rot that has grown on our body politic in America during the past 14 or 15 years.

Mr. JONES of Ohio. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Ohio.

Mr. JONES of Ohio. On page 11 of the committee report it appears that there is \$371,000,000 invested in the TVA, and it shows \$23,631,000 representing bonds, the security for a loan from the Reconstruction Finance Corporation. Is the \$23,631,000 all that interest is being paid on out of this investment for TVA?

Mr. JENSEN. The original bond issue which the Reconstruction Finance Corporation holds draws interest and will continue to draw interest until paid out.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. GORE. The bonds held by both the Reconstruction Finance Corporation and the Treasury, in the total amount of \$65,000,000, bear interest.

Mr. JONES of Ohio. Is the balance of \$348,000,000 represented by direct appropriations to the TVA, on which no interest is paid?

Mr. GORE. The \$348,000,000 which is required to be paid under the amortization provisions of this bill is composed of three parts, one, appropriated funds; two, a transfer of facilities, the Muscle Shoals facility, for instance, built in World War I; and, three, the bonds which are now held by the Treasury. Those held by the Reconstruction Finance Corporation have already been retired.

Mr. JONES of Ohio. In reference to the alleged amortization over a period of 40 years for the TVA, in reality, whether you call it amortization or not, it represents a payment of interest over a 40-year period of 2½ percent annually on the investment, and the United States Treasury is never reimbursed for the capital amount.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Mississippi.

Mr. WHITTEN. While this bill provides for those payments during the first 40 years, it follows that since this Authority is owned by the Federal Government its earnings thereafter will also belong to the Federal Government.

Mr. JONES of Ohio. Then, if this is to take the place of an interest charge of 2½ percent on the capital investment in the TVA, why do you not just say that forever, ad infinitum, you will pay 2½ percent, rather than limit it to 40 years and leave the impression there will be no interest charge after 40 years?

Mr. WHITTEN. I do not know whether there is any particular point in saying what will happen at the end of 40 years, insofar as most of us here today are concerned, but it is a fact that under the basic law the Authority belongs to the Federal Government, and it will belong to it at the end of 40 years. Whatever it may take in belongs to the Federal Government. The then Congress can do what it may see fit to do with regard to the annual income. In other words, it just is not broken down as to what is interest and what is capital stock. We just say, frankly, that they can make this repayment over 40 years, and it is termed here the payment of the original investment. You could term it interest if you saw fit. The point of it is that such of their funds as can be repaid and keep the authority running on a proper basis should be repaid and will be repaid under this. You can extend it beyond the 40 years when that time comes or you can do it here. I do not see any particular reason for interfering with that. The point I call attention to is that this is different from any other project in the country. Once the original investment is liquidated or amortized, this does not belong to someone else, it still belongs to the Federal Government and the income from it belongs to the Federal Government.

Mr. JONES of Ohio. The point I wanted to make was that when the United States makes an investment in a well-producing project such as TVA, if we collect only what amounts to 2½ percent interest, and that is what these payments are over a period of 40 years—it would be 2½ percent of the investment per year to make it pay out in 40 years—we are just collecting the amount of the capital investment, and we are never getting repaid the actual capital amount, because for every dollar the United States has invested it must pay its bondholders the long-term rate of interest, which is about 2½ percent.

It seems to me there is no point in the fact that when the 40 years is up the facility still belongs to the Federal Government because all you have paid in on this project is the 2½ percent interest on the Government investment.

Mr. JENSEN. I can really understand your concern about this matter, but I think it is well that the Congress be informed as to the difference between this project and other federally financed electric power generating projects.

For the past 10 or 12 years the Congress of the United States has been appropriating all these millions of dollars to the TVA. Congress said in effect,

"Here it is. Take it. Go down there and spend it at will." And so they did. They never were given even the slightest idea that they would have to pay back a penny of interest or a penny of principal. Further, I believe everyone who has investigated and made some study of the activities of the TVA will tell you that they have done a good job in the development of greatly needed commercial fertilizer. That is a national benefit. It benefits every person in America directly and indirectly. At the present time it is benefiting the starving people in many foreign lands where it is being shipped and used. So TVA is in a different category. You cannot treat this program as you treat other hydroelectric projects. It makes no difference in the final analysis whether these payments by TVA as provided in this bill are called interest payments or payments on principal.

The fact is that in this bill we are collecting as much each year and will continue to collect as much each year under the repayment program as the TVA can safely pay and still operate in the best possible manner.

Mr. JONES of Ohio. I notice in the TVA audit on page 3 the auditors state that an enterprise is self-supporting only when the revenues are at least equal to the sum of the costs properly chargeable against its revenues.

Some of these costs would be interest charges, amortization of the initial cost, the replacements and depreciation. I congratulate the committee on getting this money back into the Treasury.

Mr. JENSEN. I am sure of that.

Mr. JONES of Ohio. The TVA has been heralded as a yardstick for power rates throughout the United States. Now it develops, if, as the gentleman says, that this is the most that the TVA can bear, then some of these ordinary costs and fixed charges are not included in the proposed pay-back schedule over a 50-year period, such as amortization of initial cost, which would be 1.3 percent; replacements, 1.18 percent; making a total over-all of 4.71 percent, just for amortization and interest alone. So that if it is understood that some of these fixed charges are out of rates and are not returned to the Treasury, then the theory that the TVA is a yardstick is exploded. That is the point I wanted to make, that some of these charges at least are not being provided for in the legislative provision, and the TVA should not be held as a yardstick. As a matter of fact, then, this payment over a 40-year period is at the rate of 2½ percent a year and is really only an interest charge. That would be my understanding of the way this legislative provision attempts to dispose of the property.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. PLOESER. Let me observe again, as the gentleman from Tennessee [Mr. KEFAUVER] also observed, there is flexibility in the program which gives the Appropriations Committee a new look each year. It is their purpose to take care of these things. If the surplus should be such that they could afford

to amortize more rapidly, that is fine. They would not object.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. GORE. The distinguished and able gentleman from Ohio [Mr. JONES], for whom I have the highest regard and warmest personal affection, as he knows, does not quite have the correct picture with respect to the financial structure. The gentleman will understand that the total earnings of the TVA is considerably in excess of that part which has been returned to the Treasury, either in return of appropriated funds or in return of bonds. That part which has not been returned to the Treasury has been used to make additions to and improvements in the facilities which are owned by the Government, and the fact is that the real value of the Tennessee Valley power program as a going concern has been financed 24 percent by earnings. If the gentleman wants to regard that 24 percent of the present value of a going utility as interest, he may do so. If he wants to regard it as return on investment, he may do so. Likewise, that which goes back to the Treasury.

As it is set up under the TVA Act and as the committee has conceived this action, the principal investment which the Government has made through appropriations and transfers and bonds will be returned in principal. The remainder, which does not come back in the form of net income every year to the Treasury will be used in the improvement of and in the addition of transformers, generators, and transmission lines, to the end that when the principal is returned to the Government, the people of the United States will own a going concern, free of debt, far larger than it is now. So, over-all, the profits which TVA has earned can be regarded both as principal and interest and will be shown to be a sound and lucrative return on the investment. They thereby increase the earning capacity of the TVA. Mind you, all of the net income of the TVA is the property of the Government. That net income has shown a very rapid increase. From 1940 to 1948, the accumulated earnings amounted to \$116,000,000. Now, if the gentleman wants to regard that as interest, then it is a very attractive and lucrative rate of interest.

Mr. JENSEN. We are getting a 40 percent interest rate out of their net power profits.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. WHITTEN. I would like to point out that the gentleman from Ohio [Mr. JONES], in his statement took it for granted that the maximum payment would be 40 percent of net income. I should like to point out that for the next year itself, of the estimated \$20,000,000, ten and one-half million will be repaid. So that the repayment in 40 years is the minimum. Actually, however, they will pay in less than that, but will pay in accordance with their ability to pay. The coming year they will pay \$10,500,000 out of an income of \$20,000,000.

Mr. JONES of Ohio. Mr. Chairman, will the gentleman yield that I may answer?

Mr. JENSEN. I yield.

Mr. JONES of Ohio. The point I am trying to make is that in this legislation you have not attempted to set up a formula for the pay-out of TVA; that this is a compromise figure for getting all you feel that the traffic will bear from the income of TVA and has no relationship to a fixed formula for pay-out schedules for capital investment in TVA.

Mr. WHITTEN. I might say there has been no effort to work out a formula such as the gentleman might indicate. I say this is all they can pay to keep it a good business, that is, to develop this into a going concern as it should be with increases to the capital plant, that this is good business to repay it. So the committee thought on the basis set out in the bill; but this figure was not arrived at with the thought in mind thereby to fix a standard such as the gentleman mentioned.

Mr. RANKIN and Mr. D'EWART rose.

Mr. JENSEN. Please permit me to yield to the gentleman from Montana [Mr. D'EWART], who has been seeking recognition for some time.

Mr. D'EWART. My question is regarding the 60 percent that is retained by TVA. I understand under this act TVA will retain 60 percent of \$348,000,000 to be used as they see fit.

Mr. JENSEN. No, no; not 60 percent of their revenues from power.

Mr. D'EWART. As I understand it they will retain 60 percent of the net to do with as they see fit.

Mr. JENSEN. No; not exactly as they see fit.

Mr. D'EWART. My question is, Is it reappropriated?

Mr. JENSEN. They have to come before the Congress each year to get permission to spend for capital improvement on power facilities if this bill becomes law.

Mr. D'EWART. Will it be reappropriated?

Mr. JENSEN. Yes; their unexpended balance will be reappropriated each year. I may say that I really believe the American people would be quite happy if they knew that all the dollars this Congress has appropriated in all the past years for Federal hydroelectric power plants could be returned to the Treasury of the United States in 40 years under the same plan as we have worked out for TVA. I believe the American people would be pretty happy if they knew they could expect that from every federally financed power producing plant in the country.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to my distinguished friend.

Mr. PLOESER. Even in the light of the gentleman's current statement I think it is proper to say to the gentleman from Ohio that it was not the intent of the subcommittee to define this method which we applied to TVA as a yardstick for any other project.

Mr. JENSEN. No; most definitely not.

Mr. PLOESER. That was not our intent and we would not ask the ap-

proval of the House of this bill making it a yardstick.

The committee in drafting the repayments to the general fund of the Treasury from TVA power income did not attempt to set a formula for a pay-out schedule or to establish minimum annual financial requirements for the TVA. We merely attempted to write legislation to capture as much money as we thought TVA could safely pay into the Treasury under their present rate structure. Whether you call this repayment of money over a period of 40 years amortization or interest at 2½ percent on the capital investment over a 40 year period is immaterial. The point is that we collect the money. We did not mean to absolve the TVA from setting up fixed charges for their annual operation, such as depreciation, a fund for replacements or interest, as such, separately. All we did was to collect the most money we could by compromise with all the members of the committee without disposing of any of these questions. This action of the committee is not to be regarded as a formula of minimum requirements for Government-owned power projects. This situation is unique—therefore we cannot consider this formula a yardstick.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. RANKIN. The gentleman from Ohio spoke of the rate of 2½ percent as interest. We lent money for rural electrification at 2 percent and it is understood—it was testified before the committee, I believe—that the Government got its money at 1½ percent. So that at even the figure given by the gentleman from Ohio it would amortize the amount of the interest.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes and I hesitate to consume so much time but I do want to clear up this question, if possible.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I am pleased to yield to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. The gentleman from Iowa has referred to how happy our people would be if they knew certain things. The gentleman has also referred to net power revenues. Let me ask him this simple question: The people in my district would be interested to know whether or not on the proportion of taxes which they pay into the Federal Treasury or the bonds which they buy from the Federal Treasury with which to finance these power projects the money they put up will be refunded plus, say, 2 or 3 percent interest on the amount advanced.

Mr. JENSEN. Under the Reclamation Bureau's plan of repayment, the money going into power facilities is reimbursable, with 3 percent interest; but I may say that about 3 years ago a solicitor of the Interior Department decided it was not necessary to send the

interest to the Treasury of the United States, but to just keep it and use it at will. That is the main fight we have had in the Interior Department Appropriations Committee. That interest component should be sent into the Treasury of the United States, according to law. I may say that the gentleman from Colorado [Mr. ROCKWELL] has introduced legislation which spells out a directive that this interest component shall be sent to the Treasury of the United States. That bill, however, calls for a rate of interest of 2 percent.

Mr. CRAWFORD. Unless the Government receives back the principal advanced plus interest on the principal which must be gathered together under the rate-making formula which is applied in the sale of the power sold to the people in the particular locality, then the other taxpayers of the Nation do not receive just payment by reason of the fact that they subsidize the electric power rates received by those who are buying from power-producing machinery of the Government?

Mr. JENSEN. I am sure the gentleman has heard me make almost that identical speech at least a dozen times on the floor of this House, and I am very glad to have it reexpressed by my very able colleague from Michigan who is so exceptionally well versed on financial matters of every nature. I am happy that he has spoken.

Mr. CRAWFORD. Is the Appropriations Committee moving in the direction of accomplishing that very thing, along with the other legislative committees of the House?

Mr. JENSEN. Indeed it is. The Government lent the TVA all of these millions of dollars and said: "We will just let you have it." There was not a word said about paying it back. But in my studied opinion the TVA is in a different category than other projects of similar nature where a pay-out plan was agreed to before the appropriations were made.

Mr. CRAWFORD. That means the taxpayers and the bondholders in the gentleman's district and in the other 434 districts represented in this House will be treated fairly, that it is not socially right or morally just or right from any other standpoint to force one group of taxpayers to subsidize the rate of another group.

Mr. JENSEN. Mr. Chairman, now I will talk about Federal housing, which is a very live question at the present time. Last year when the committee was under Democratic leadership a request was made for a full investigation of the Federal housing program from top to bottom. Mr. Robert E. Lee, an FBI agent, was selected to head this investigation. Every member of the Subcommittee on Government Corporations signed the request for this investigation. It started last July and was finished some 6 months later.

The report was then submitted to the committee shortly before we sat this year and I may say it is a most startling and critical report of many of the activities

of the Federal Public Housing Authority in a great many instances. In fact, to such an extent that time will not permit me to go into the matter at this time. However, at a later time soon I shall ask that a comprehensive summary of the report by the investigating staff be placed in the CONGRESSIONAL RECORD so that all may read. A separate volume of the committee's hearings on all Federal housing is now available in which you find much information contained in the report mentioned.

I gave a release to the newspapers today in which I pointed out a number of things in the investigator's report:

[From the office of Hon. BEN F. JENSEN, chairman of the Subcommittee on Government Operations of the House Appropriations Committee, room 256, Old House Office Building]

A comprehensive, confidential report made for the House Appropriations Committee on Public Housing as administered by the Federal Public Housing Authority made public today shows conclusively that that agency has failed miserably to carry out the provisions of the United States Housing Act.

The report is the result of a 6 months' investigation for the Appropriations Committee, headed by Robert E. Lee, who was loaned to the committee by the Federal Bureau of Investigation.

High lighting the report's conclusions was the startling fact that more than 31 percent of all tenants of public housing were totally ineligible for such public assistance, yet the FPHA had taken virtually no action to rectify this situation.

The FPHA also failed to dispose of wartime housing and has instead inaugurated a socialized scheme of disposition to mutual organizations which completely ignore any veterans' preference, unless the veteran was already an occupant, according to the report. As the result of these findings, it was necessary for the Banking and Currency Committee of the House to bring out legislation which has already been introduced and about to come to the floor, which will give the veterans preference for purchase as well as rental.

In addition the FPHA has adopted a policy providing that local authorities build up unreasonable cash reserves at the expense of the Federal subsidy for alleged vacancy and collection losses and other contingencies that may or not materialize. This amount approximates \$40,000,000.

Under the United States Housing Act, for every dwelling unit built, there should be one slum dwelling unit eliminated. This has been almost completely ignored and the slums have continued to develop and grow, the report says.

In the face of the terrific housing shortage in the United States, 8,110 new prefabricated housing units were sold to France by the FPHA. This was early in January 1946, just at a time when veterans were returning by the millions and were desperately in need of houses.

Storerooms of FPHA were found to be replete with propaganda material to influence passage of public housing legislation. This, despite the fact that section 201 of title 18, United States Code specifically provides criminal penalties for the use of appropriated funds to influence legislation.

The FPHA records were in such "atrocious condition" that a nationally known accounting firm (Price, Waterhouse & Co.) were retained by the General Accounting Office to make an audit, declined to do so after in-

specting the books on the ground that the fiscal facts could not be ascertained from their records. One of the FPFA auditors, in describing the condition of the records, said:

"A great many deficiencies existed in accounts for all programs which were not being corrected because of improper staffing. Postings for current fiscal year have been very incomplete, and in many instances are so inadequate that the accounts failed to convey proper meaning * * * the lack of adequate fund controls has been the cause of a large number of errors and is, in the opinion of the auditors, responsible for the lack of internal control of rental-office fiscal activity.

"The auditors are cognizant of the serious nature of these criticisms regarding the work of the finance and accounts division as reported herein, but when it is realized that virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation the cause of the condition has not been remedied or eliminated, there is no alternative as to the conclusion that may be reached," the auditor declared.

The report also criticized what it termed "extravagant personnel policies resulting in overstaffing and duplication of effort." It urged the closing of all regional offices because they were "wet nursing" the local owners who had adequately demonstrated their ability to carry out the objectives of the act without any Federal paternalism.

The veterans' emergency housing program is a dismal failure by reason of delays, cutbacks, and high costs, necessitating the FPFA coming back to Congress requesting additional funds to carry out commitments to local groups, the report declared. The figures presented have indicated that some 20 percent of appropriated funds are absorbed in administrative costs, while 36 percent of its administration personnel drew over \$4,500 a year or more in salaries.

The report continued: "Administrative controls in central and regional offices are practically nil concerning such items as travel, overtime, communications, etc. There has been definite indication that the Agency appears partial and paternal to the United Public Workers of America (CIO)."

This report was ordered by the Seventy-ninth Congress as a result of the dissatisfaction of the subcommittee of the Appropriations Committee on Government corporations with the justifications presented last year. At that time, of course, the Democrats controlled the committee.

In one instance, in the San Francisco area, allegations were made that building materials were fraudulently given to private builders by FPFA employees; that political contributions were solicited and obtained by FPFA; that regional offices gave lucrative contracts for servicing surplus material to individuals who had no facilities and took no responsibility.

In San Diego, employees of the FPFA use their official position to intimidate the local housing authorities into giving preferred treatment to CIO strikers, the report charged. In one instance, an FPFA desk made available to Mr. Lee was found crammed with copies of the People's World, the local Communist paper.

Many FPFA bulletin boards carry propaganda urging pressure on Congress on behalf of the CIO unions and castigating Congress for its attempts to shackle labor. In some instances, Communists, including one Communist newspaper editor, were found housed in public housing despite the fact that they were not veterans.

Commenting on this situation, the Honorable Charles K. Fletcher, Republican, of California, whose San Diego district embraces the largest directly operated Government housing program, commented on the

House floor yesterday: "This is only a small sample of what the Lee report discloses regarding the San Diego area. Get it and read what it says about your congressional district. You will be much surprised and disgusted with the administration of the FPFA. Perhaps then you will know why the House Banking and Currency Committee is reporting a bill to the floor asking us to take the disposal of war housing from the hands of FPFA."

The Honorable BEN F. JENSEN, chairman of the subcommittee on Government corporations of the Appropriations Committee also made a short speech on the floor yesterday calling attention to the fact that this report would be brought to the attention of Congress during discussion of the bill.

We will be fair with every Government agency, but things have been going on that smell mighty bad, and it is the people's business to know and they shall know. I am sure that my good friend and member on this committee, the gentleman from Mississippi [Mr. WHITTEN] will have something to say about this when he takes the floor today. It is simply a matter that has to be straightened out sooner or later, and we aim to straighten it out as quickly as we can. In this bill we have made an attempt to straighten out a lot of the difficulties by certain language in the bill and by reducing their requests for funds in order to remove from the pay rolls some fellows who sit around and have so much time to think up a lot of stuff, bad for America.

We have the Inland Waterways Corporation which was instituted shortly after the First World War. It operates from New Orleans up the Mississippi and up the Missouri. It has been losing money most every year since its inception, and so the question was whether we should liquidate it or not. I am happy to say that the committee was very fortunate in having at their service the Small Business Committee of the House, which made a very complete survey and investigation of the Inland Waterways Corporation. They made a report to the committee which contained certain recommendations, and those recommendations and that report will be placed in the RECORD at this point. The committee has adopted the recommendations made in this report which will appear in the RECORD of this date. I want to compliment the Small Business Committee of the House for the good job they did. The chairman of that committee I am pleased to say is our able colleague, a member of this committee, the gentleman from Missouri [Mr. PLOESER].

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from New York.

Mr. JAVITS. I did not realize that the gentleman was going to pass by the housing issue so quickly.

Mr. JENSEN. Oh, we will talk about that some more this afternoon. I am sure, but I hope the gentleman will read the hearings also.

Mr. JAVITS. May I bring the gentleman back to that point and ask this question? Did the committee consider two points; one, whether these housing agencies could be equipped to do some-

thing about getting more housing, especially for veterans and, second, whether the way in which their appropriations are handled will equip them better toward that end or will it deprive them of any ability to do more than they are doing now about it?

Mr. JENSEN. I might also say that the American people have invested in all kinds of Federal housing schemes over \$14,000,000,000 in the past 15 years in addition to the millions spent for administration, yet we have the housing shortage with us today, and it will continue to be with us until the shackles are taken completely off private producers and home builders.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948

Mr. JENSEN, from the Committee on Appropriations, submitted the following report:

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1948, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message, pages 957-1024, 1093-1190, 1235-1347, and House Documents 219, 228, and 237.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945, which requires that all wholly owned Government corporations submit annual budgets to the Congress, specifies by name such corporations as were in existence at the time that act became law on December 6, 1945.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations, respecting the budgets submitted for the fiscal year 1948, in accordance with the provisions of such act, with certain exceptions.

The budget submitted for the Reconstruction Finance Corporation and its subsidiaries has not been acted upon inasmuch as the act authorizing the Reconstruction Finance Corporation expires on June 30, and legislation to extend its life is now pending in Congress. Pending determinations on this legislation, it is not possible to estimate accurately the requirements of the Reconstruction Finance Corporation. This budget will be considered in a subsequent bill to be reported, after the future of the Reconstruction Finance Corporation has been determined.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, already passed by the House.

In order to indicate the current status of wholly owned Government corporations with regard to their legal lives as corporate entities and as agencies or instrumentalities of the United States, the following summary tabulation is presented. Those corporations already liquidated are not included in the tabulation. As of the latest date for which available, information has been included regarding pending legislation affecting the corporations with respect to their legal lives. Inasmuch as many of the numerous bills introduced in Congress contain incidental references which may affect Government corporations, the information regarding pending legislation in the table should not be considered as necessarily complete.

Government corporations

Name	Termination date under provisions of existing law or charter	Pending legislation
Banks for Cooperatives.....	Indefinite.....	
Commodity Credit Corporation ¹	June 30, 1947 ²	S. 350 (passed Senate Apr. 8, 1947). H. R. 30.
Defense Homes Corporation ¹	Indefinite ³	
Export-Import Bank of Washington ¹	do ⁴	S. 993 (passed Senate Apr. 21, 1947). S. 414 (insurance fund). S. 1326.
Federal Crop Insurance Corporation.....	do.....	H. R. 974; S. 1070.
Federal Deposit Insurance Corporation.....	do.....	H. R. 3330; S. 925.
Federal Farm Mortgage Corporation.....	do.....	H. R. 2799, H. Rept. 413.
Federal home-loan banks.....	do.....	
Federal intermediate credit banks.....	do.....	
Federal land banks.....	do.....	H. R. 3330; S. 925.
Federal National Mortgage Association.....	do.....	
Federal Prison Industries, Inc.....	do.....	
Federal Public Housing Authority.....	do.....	
Federal Savings and Loan Insurance Corporation.....	do.....	H. R. 2793, H. Rept. 411, H. R. 2800.
Home Owners' Loan Corporation.....	When purpose accomplished. Indefinite.....	
Inland Waterways Corporation.....	do.....	
Institute of Inter-American Affairs ¹	do.....	
Inter-American Educational Foundation, Inc. ¹	do.....	
Preneiradio, Inc. ⁵	May 14, 1946 ⁶	
Institute of Inter-American Transportation ⁶	Aug. 21, 1946 ⁶	
Panama Railroad Company ¹	Indefinite.....	
Production Credit Corporations.....	do.....	
Reconstruction Finance Corporation.....	June 30, 1947 ⁷	H. R. 2535 (surplus property); S. 217.
Regional Agricultural Credit Corporation.....	Indefinite.....	
RFC Mortgage Company ¹	do.....	
Rubber Development Corporation ¹	June 30, 1947.....	
Smaller War Plants Corporation.....	Dec. 31, 1946.....	
Tennessee Valley Associated Cooperatives, Inc. ¹	Indefinite.....	
Tennessee Valley Authority.....	do.....	S. 1277.
U. S. Commercial Company.....	June 30, 1947 ⁷	
Virgin Islands Company ¹	Indefinite.....	H. R. 3108 and S. 1183.
War Damage Corporation.....	June 30, 1947 ⁷	H. R. 74.
Warrior River Terminal Co. ¹	Indefinite.....	

¹ These corporations were created under the laws of a State, Territory, or possession of the United States, or under the laws of the District of Columbia, and under sec. 304 (b) of the Government Corporation Control Act, 59 Stat. 602, their status as agencies of the United States expires June 30, 1948, and they are directed to be dissolved.

² As an agency of the United States (continued to June 30, 1947, by Public Law 30, approved Apr. 12, 1945, 59 Stat. 30). Delaware charter provides for perpetual existence.

³ In process of liquidating.

⁴ Constituted an independent agency with indefinite life by the act of July 31, 1945, Public Law 173 (59 Stat. 526).

⁵ Formerly U. S. Housing Authority. Executive Order No. 9070, Feb. 24, 1942, created the National Housing Agency and consolidated therein the U. S. Housing Authority, to be administered as the Federal Public Housing Authority under the direction and supervision of the National Housing Administrator. Said order is to be in force and effect so long as title I of the First War Powers Act remains in force.

⁶ Now in dissolution.

⁷ Public Law 656, approved Aug. 7, 1946 (60 Stat. 901) provides for the termination of this Corporation on June 30, 1947.

⁸ Certificate of dissolution filed with the secretary of state, State of Delaware, on date indicated.

The following statement sets forth the net withdrawals from the Treasury, in round figures, of all the wholly owned Government corporations, including Commodity Credit Corporation and Federal Crop Insurance, but excepting the Reconstructing Finance Corporation, as submitted in the budget for 1948 and subsequently amended:

Net withdrawals from U. S. Treasury by wholly owned Government corporations (except Federal Loan Agency) and credit agencies (revised)

[In millions]			
	Actual, 1946	Estimated, 1947	Estimated, 1948
Appropriation expenditures (net).....	\$568	\$302	—\$4
Capital and surplus subscriptions, less returns.....	609	309	—3
Cancellation of notes of Commodity Credit Corporation ¹		921	642
Interest payments to U. S. Treasury.....	—27	—17	—25
Borrowings from U. S. Treasury, less repayments and cancellations.....	—682	—347	328
Expenditures from trust accounts, less receipts.....	7	9	—6
Change in cash balances with U. S. Treasurer.....	—629	85	—5
Net withdrawals from U. S. Treasury.....	—154	1,262	927

¹ Offset by reduction in borrowings from the U. S. Treasury in equal amounts.

The following is a consolidated balance sheet of all such corporations as of June 30, 1946, 1947, and 1948:

Financial condition, revised as of June 30, 1946, 1947, and 1948

[In millions]			
	Actual, 1946	Estimated, 1947	Estimated, 1948
ASSETS			
Loans receivable.....	\$2,295	\$3,490	\$4,461
Land, structures, and equipment.....	2,733	2,343	1,956
Commodities, supplies, and materials.....	619	261	353
Investments.....	392	375	390
Cash.....	775	679	685
Appropriated funds.....	552	230	182
Advances and accounts receivable.....	741	277	104
Other assets.....	15	16	24
Total assets.....	8,122	7,671	8,160
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable.....	3,121	2,707	3,014
Deferred and undistributed credits.....	221	90	13
Other liabilities.....	1,940	1,400	1,294
Total liabilities.....	5,282	4,197	4,321
Paid-in capital and surplus.....	4,860	6,085	6,853
Earned surplus.....	—2,020	—2,611	—3,014
Total.....	8,122	7,671	8,160

The following is a statement of the funds to be received and expended by such corpo-

rations for the fiscal years 1946, 1947, and 1948:

Sources and application of funds, revised, by fiscal years

[In millions]			
	Actual, 1946	Estimated, 1947	Estimated, 1948
FUNDS APPLIED			
To acquisition of assets:			
To make loans.....	\$1,686	\$2,967	\$3,274
To purchase investments.....	100	20	48
To purchase commodities.....	2,316	1,729	894
To add to fixed assets.....	94	455	94
To acquire other assets.....	1	8	13
To operating costs:			
To pay cost of commodities sold.....	51	67	85
To pay other operating expenses.....	236	265	226
To pay subsidies and contributions.....	848	23	13
To retirement of borrowings and capital:			
To retire outstanding obligations to U. S. Treasury.....	3,420	3,152	1,816
To retire outstanding obligations to the public.....	988	1,346	1,302
To return capital and pay dividends.....	169	127	423
To increase working capital.....	459		
Total.....	10,368	10,189	8,193
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans.....	1,754	1,790	2,273
By sales of investments.....	109	170	150
By sales of commodities.....	3,033	2,048	797
By sales of fixed assets.....	12	5	6
By operating income.....	352	420	431
By borrowing and capital:			
By borrowing from the U. S. Treasury.....	2,738	2,804	2,455
By borrowing from the public.....	712	1,413	1,239
By new capital and paid-in surplus.....	705	345	10
By appropriations.....	953	992	694
By decrease in working capital.....		202	138
Total.....	10,368	10,189	8,193

The committee desires to call attention to the total borrowing authority of wholly owned Government corporations, which as of March 31, 1947, was slightly in excess of \$30,000,000,000. The amount of outstanding obligations as of the same date, approximately \$11,500,000,000, reduces to about eighteen and a half billion the balance of such borrowing authority outstanding as of March 31. It should be noted that the \$18,500,000,000 outstanding is subject to possible reduction of approximately \$5,700,000,000, as indicated in the footnotes appended to the statement which follows.

While much of the authority of Government corporations to borrow funds is subject to certain restrictions, such as borrowing for specific purposes only, the total amount is staggering nevertheless. The committee feels that the Congress should maintain a vigilant scrutiny over this aspect of our fiscal structure in connection with its watch over the public debt of the Nation and in connection with its consideration of matters related to our national finances in general.

The following tabulation was supplied by the United States Treasury Department on the basis of the latest information obtained

from the individual Government corporations:

Borrowing authority, outstanding obligations, and balance of borrowing authority of wholly owned corporations of the U. S. Government as of Mar. 31, 1947.

Corporation	Borrowing authority	Outstanding obligations
Commodity Credit Corporation	\$4,750,000,000.00	\$955,542,227
Defense Homes Corporation	44,204,208.00	44,146,208
Export-Import Bank of Washington	2,500,000,000.00	271,900,000
Federal Farm Mortgage Corporation	2,000,000,000.00	2,621,500
Federal Intermediate Credit Banks	933,253,370.90	348,995,000
Federal National Mortgage Association	13,762,362.67	0
Federal Public Housing Authority (United States Housing Act)	726,196,000.00	350,002,000
Home Owners' Loan Corporation:		
Guaranteed as to principal and interest		578,289,000
Guaranteed as to interest only	2,838,950,325.00	114,875
Inland Waterways Corporation	5,009,059.48	0
Institute of Inter-American Affairs	(²)	0
Institute of Inter-American Transportation	(²)	0
Inter-American Educational Foundation, Inc.	(²)	0
Panama Railroad Company	7,000,000.00	0
Prencinradio, Inc.	(²)	0
Reconstruction Finance Corporation and subsidiaries	17,241,570,623.22	8,902,143,850
Regional Agricultural Corporation of Washington, D. C.	(²)	0
Tennessee Valley Associated Cooperatives, Inc.	(²)	0
Tennessee Valley Authority:		
Guaranteed	56,500,000.00	56,500,000
On credit of United States	2,000,000.00	2,000,000
Virgin Islands Company	209,302.00	209,302
Total	30,118,655,271.47	11,512,463,962
Less: Intercorporate items:		
Due to RFC by Defense Homes Corporation	-44,204,208.00	-44,146,208
Due to RFC by Tennessee Valley Authority	-2,000,000.00	-2,000,000
Net total	30,072,451,063.47	11,466,317,754
Total borrowing authority	30,072,451,063.47	
Less outstanding obligation	11,466,317,754.00	
Balance of borrowing authority	18,606,133,309.47	

¹ Does not reflect reductions in borrowing authority of an unspecified amount recommended by the President.

² In addition, the Corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the H.O.L.C. to make new loans expired June 12, 1936.

³ No amount stated.

⁴ Includes indefinite borrowing authority to the amount availed of less cash repayments and notes canceled. Included \$7,737,000 authorizations administratively canceled by the Corporation. Reduction of \$2,500,000,000 in borrowing authority covered in proposed new charter of RFC.

⁵ Indicates outstanding obligations. While the Corporation is authorized in its charter to borrow, the amount of such borrowings is not specified.

Reductions in personnel

Wherever reductions in appropriations require reductions in personnel it should be stated that such reductions in personnel must be undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the departments must understand that terminal leave costs

will be borne by 1948 appropriation. Dismissals prior to June 30, 1947, will require expenditure of 1947 appropriations for terminal leave.

No deficiency estimate for such purpose for either 1947 or 1948 will be entertained.

Loyalty of employees

The committee has endeavored to advise the heads of the various corporations and agencies which appeared before it that Federal funds are not to be used to pay salaries or expenses of persons antagonistic to our form of government. To that end the committee intends to hold the head of each corporation and agency personally responsible for immediately dismissing and in the future refusing to employ any person who is not completely loyal to our form of government or who belongs to any organization which advocates the overthrow of our Government by force or violence.

War Damage Corporation

Information supplied by the Reconstruction Finance Corporation at the request of the committee indicated that as of April 30, 1947, the War Damage Corporation had to its credit \$210,751,618.65 representing the excess of its income over expenses. Also, it was stated that such amount would be turned over to the Treasury in due course. The War Damage Corporation has completed the purpose for which it was created, and is no longer engaged in the business of insuring against loss from war damage. Therefore, the bill contains a provision requiring that the amount indicated above be promptly paid into the Treasury and applied to reduction of the national debt.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the bank's lending authority from \$200,000,000 to \$700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from \$700,000,000 to \$3,500,000,000. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

During the fiscal year 1946 loan authorizations totaling \$655,000,000 were made to foreign countries to cover the termination of the lend-lease program, although a large part of the disbursements under such authorizations, \$279,100,000, were made in fiscal 1947. Credits to provide dollar exchange to foreign countries for immediate reconstruction of damages suffered from the war were also authorized by the bank in 1946 and 1947, although disbursements of such credit will extend into fiscal 1948. As of April 23, 1947, the total unobligated lending authority of the bank amounted to \$815,119,550.81. The committee feels that loans in the categories just referred to, which are based largely upon political considerations, are not in keeping with the purpose for which the Export-

Import Bank was organized. While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States. The World Bank is now a going concern, and major loans for reconstruction and rehabilitation should be referred to that bank rather than be handled by the Export-Import Bank. In any case, where it may appear in the national interest to extend large loans to foreign countries, such should be approved by the Congress in each instance.

As was pointed out in the hearings, the bank seeks to place loans with private lending agencies before making direct loans. It also endeavors to sell outstanding loans from its portfolio without recourse whenever possible. The committee highly endorses such practices and urges that the bank make the greatest effort to avoid competing with private capital.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	\$1,216,512,900	\$904,802,400
Expenses	3,028,700	13,383,000
Retirements of borrowings and capital and distribution of surplus	27,700,000	171,100,000
Increase in working capital		30,614,600
Total funds applied	1,247,241,600	1,119,900,000
Funds provided:		
Realization of assets	53,400,000	159,600,000
Revenues	32,426,434	72,000,000
Borrowing and capital subscriptions	1,106,800,000	888,300,000
Decrease in working capital	54,615,166	
Total funds provided	1,247,241,600	1,119,900,000

¹ Includes administrative expenses estimated at \$842,000, and reduced to \$800,000 by committee.

Of the item "Acquisition of assets," \$904,802,400 represents the amount to be loaned in 1948. The item "Realization of assets" indicates the principal amount of loans to be collected.

In the fiscal year 1948 the total amount to be loaned by the bank will be less than its total new loans in the present fiscal year, since more than half of its lending authority is already being utilized. The fiscal year 1948 marks the beginning of the period when collections of loans will play a large part in the bank's activities. Owing to the importance of protecting the public money already loaned by the bank, the committee has granted an increase of \$20,000 over the present year in the bank's administrative expenses. In recommending a total of \$800,000 for 1948, however, the committee has reduced the budget estimate of \$842,000, which is considered excessive.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Company acquired most of the 70,000 shares of its stock. This company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co.,

which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905 at an average cost of approximately \$140 per share.

The name of the corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities, all are in the Canal Zone except the steamship line which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war.

All three vessels have now been returned to the railroad company. Two are now operating, and the third, which required major realterations, should be back in service very soon.

The railroad, comprising 50 miles of main-line track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments. While it is likely that the completion of the new highway will reduce the revenues of the railroad without proportionate reductions in operating expenses the Railroad Company is prohibited by treaty from operating busses and truck lines over the highway, which passes through portions of the Republic of Panama. A company in the Republic of Panama presently is in the process of constructing a hotel in the city of Panama. When this is completed it should be possible for the railroad company to reduce its activities in this field. The hotel business of the Company has not been profitable except during the war years.

Under section 304 of the Government Corporation Control Act (Public Law 238, 79th Cong.) the Panama Railroad Company intends to seek reincorporation in the Eightieth Congress. The present functions of the company as an adjunct to the Panama Canal and as an international common carrier are important and are required by provisions of public treaties and notes accessory thereto to be performed by a public agency of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,108,869	\$1,706,700
Expenses.....	45,373,061	40,128,600
Payment of dividends.....	1,250,000	700,000
Total funds applied.....	47,731,870	42,535,300
Funds provided:		
Revenues and cancellations of liability.....	47,513,099	41,952,200
Decrease in working capital.....	218,771	583,100
Total funds provided.....	47,731,870	42,535,300

¹ Includes administrative expenses estimated at \$779,700 and reduced to \$750,000 by committee.

The committee has reduced the budget estimate of \$779,700 for administrative expenses by \$29,700 to \$750,000. Total administrative expenses, including deficiencies, in 1947 amounted to \$760,000. Thus, the amount provided for 1948 is a slight reduction from that available in 1947.

At the beginning of the 1947 fiscal year, it was estimated that the company would show a net deficit for the year. The committee is happy to note that the picture has now changed so that a net profit of approximately \$500,000 will be earned. It is hoped that the estimated profit of \$395,760 for 1948 can also be increased.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of Tennessee Valley Associated Cooperatives, Inc., and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as Tennessee Valley Authority directors. The present directors of Tennessee Valley Associated Cooperatives, Inc., have no present connection with the Tennessee Valley Authority. No act of Congress or Executive order or Federal statute specifically authorized the creation of the Tennessee Valley Associated Cooperatives, Inc.

This corporation will cease to be an instrumentality of the United States on June 30, 1948, under the provisions of the Corporation Control Act of 1945. The committee has been unable to ascertain any sound reason for continuing this entity as a Government corporation, and has therefore provided administrative expenses only for its liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$15,000	\$15,000
Expenses.....	3,000	3,000
Increase of working capital.....	4,600	4,550
Total funds applied.....	22,600	22,550
Funds provided:		
Realization of assets.....	17,700	17,700
Revenues.....	4,900	4,850
Total funds provided.....	22,600	22,550

The corporation owns preferred stock in local cooperative enterprises to the value of \$33,285 and on June 30, 1947, will have loans outstanding to cooperatives to the amount

of \$238,480. It is estimated that these loans are worth approximately \$125,000.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established "to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munitions-plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined, by Executive Order 6161 (June 8, 1933) that the Tennessee Valley Authority should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

The committee considers that the Tennessee Valley Authority is now substantially complete as a going concern. It is recommended that major additions to its facilities and expansions of its activities in the regions it serves be proposed to and acted upon in the future by the Congress.

In its report on the Government corporations appropriation bill for 1947, the committee stated that the portion of the investments which represent the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of 40 years, and that the Treasury of the United States should be reimbursed insofar as possible for such costs. The goal was, and is, that provision should be made for orderly restoration of the funds provided by the taxpayers of the country as a whole so as to leave a large operating facility owned, free of debt, by all the people. A great deal of study and analysis of relevant considerations has been undertaken, and the committee has included a provision in the accompanying bill to effectuate this goal. Since, owing to variable factors such as volume of stream flow, which affects the amount of electricity generated by water power and sales of electricity, which vary with many factors, including fluctuations in general business activity, it is virtually impossible to know just what the Authority's net income from power operations will be in future years. Also, costs of producing electricity vary, especially when inadequate stream flow requires the purchase of coal for steam-operated generators. Therefore the committee has proposed a plan which requires that a fixed percentage of annual net income from power operations be paid into the Treasury each year. The following figures on the cost of power-producing facilities, prepared by the Tennessee Valley Authority, were used to determine the amount to be paid into the Treasury:

Appropriations for power plant through June 30, 1946-----	\$287, 771, 841
Transfers of property from War Department-----	19, 026, 418
Bonds sold to Treasury and Reconstruction Finance Corporation-----	65, 072, 500

Total funds provided by U. S. Treasury-----
371, 870, 759

Deduct:

(1) Funds returned to U. S. Treasury through June 30, 1937:

Portion of sec. 26 payments provided by power receipts:	
December 1945-----	¹ 7, 087, 741
December 1946-----	² 7, 971, 278

Total-----
15, 059, 019

Bond retirements:³

Fiscal year 1944: Sec. 15, series A, bond No. 1, held by RFC, retired Sept. 1, 1943---	2, 000, 000
Fiscal year 1945: Sec. 15, series B, bond No. 3, held by RFC, retired June 15, 1945---	2, 000, 000
Fiscal year 1946: Sec. 15, series A, bond No. 2, held by RFC, retired Sept. 1, 1945---	1, 000, 000
Sec. 15, series B, bond No. 1, held by RFC, retired Mar. 15, 1946---	1, 300, 000
Fiscal year 1947: Sec. 15 (a), series A, interim certificate, held by Treasury, retired Dec. 15, 1946---	272, 500
Sec. 15, series B, bond No. 2, held by RFC, to be retired June 15, 1947-----	2, 000, 000

Total bonds retired from power receipts-----
8, 572, 500

Total principal payments from power receipts to Treasury ----
23, 631, 519

Outstanding balance of funds provided by Treasury for power power plant as of June 30, 1947-----
348, 239, 240

¹ Total payment was \$12,597,744, including receipts from other than power operations.

² Total payment was \$10,336,264, including receipts from other than power operations.

³ Exclusive of bond interest.

The amount of \$348,239,240 is to be paid into the Treasury in not to exceed 40 years; \$2,500,000 of outstanding bond principal is to be paid and deducted from net income from power operations each year, and not less than 40 percent of the remaining net power income is to be paid each year until a total of \$348,239,240 has been paid. But not less than one-fourth of such amount is to be paid in each 10-year period after June 30, 1948. It is contemplated that the Congress, in approving the Authority's budget each year, will specify the amount to be returned to the Treasury during the ensuing year. It is also proposed that new appropriations for power facilities will be repaid to the Treasury on an amortized schedule not to exceed 40 years after such facility comes into operation.

The committee earnestly believes that this provision is a forward and progressive step in the history of the Tennessee Valley Au-

thority. A schedule of repayments is thus provided whereby flexibility permits prosperous years to cushion payments to be made in less profitable years without destroying the basic provisions of section 26 of the Tennessee Valley Authority Act. Under this plan it is believed that the public interest will be protected without denying the management of the Authority adequate leeway in proposing what disposition shall be made of a portion of power proceeds.

The Authority's budgetary program for the fiscal year 1948 is presented in the following:

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
From appropriated funds:		
Acquisition of assets.....	\$20, 328, 000	\$32, 585, 000
Expenses.....	9, 225, 000	² 7, 850, 000
Increase in working capital (Deduct adjustment for depreciation)-----	10, 853, 000	
	(500, 000)	(500, 000)
Total appropriated funds applied-----	39, 906, 000	39, 935, 000
From corporate funds:		
Acquisition of assets.....	24, 737, 000	22, 788, 500
Expenses.....	28, 590, 000	30, 951, 000
Retirement of borrowings and return of earnings to Treasury.....	12, 272, 500	10, 500, 000
Total corporate funds applied-----	65, 599, 500	64, 239, 500
Total funds applied-----	105, 505, 500	104, 174, 500
Funds provided:		
From appropriated funds.....	39, 906, 000	39, 935, 000
From corporate funds:		
Realization of assets.....	2, 481, 000	1, 564, 000
Revenues.....	57, 535, 000	58, 945, 000
Decrease in working capital.....	5, 383, 500	3, 730, 500
Total corporate funds provided-----	65, 399, 500	64, 229, 500
Total funds provided-----	105, 305, 500	104, 174, 500

¹ Reduced by committee to \$28,365,000.

² Limited by committee to \$7,156,000.

³ Reduced by committee to \$35,021,000.

The item "Acquisition of assets," from appropriated funds, covers continuation of construction of South Holston and Watauga Dams, and construction and acquisition of additions and replacements to chemical plant. The figure \$32,585,000 includes the unexpended balance of \$15,484,188 which the bill authorizes to be carried over from 1947 appropriations, and \$19,684,479 of the budget estimate for the 1948 appropriation, less \$2,583,667 of 1948 unliquidated obligations. The committee has reduced the estimate of \$27,057,500 for the 1948 appropriation by \$4,914,000. By limitation it has reduced the amount for dam construction by \$2,000,000 and the amount for additions to chemical plants by \$2,000,000. Expenditures for construction of these dams can be reduced by \$2,000,000 in the next fiscal year without interfering with their economical completion. The reduction for additions to chemical plant represents deferment of capital additions but does not require a reduction of research in fertilizer development.

The item "Expenses," from appropriated funds, covers operating costs of navigation operations, flood-control operations, fertilizer and munitions resources and development, and resource development activities. The committee has reduced the amount of \$7,850,000, as contained in the budget estimate, by \$500,000, and intends that such reduction be applied to resource-development activities. The Authority proposed to devote \$1,875,000 to fertilizer used in tests and demon-

strations. The committee desires that \$375,000 of the \$500,000 referred to above be deducted, leaving \$1,500,000 for fertilizer used in tests and demonstrations. The practice of furnishing fertilizer to the owner of a test farm for 4, 5, or more years, without cost or at nominal cost should be changed. While the test farm serves a useful purpose for the compilation of performance data and for education of other farmers in the neighborhood, the recipient of test fertilizer also derives a direct and measurable increase in crop yields and profits. It is only reasonable that such farmers be required to pay at least part of the cost of the fertilizer. Most farmers would be happy to pay a reasonable cost for test fertilizer, particularly after the first year or two. The committee desires that a scheme be adopted whereby the recipient of test fertilizer would pay perhaps nothing or a nominal amount the first year, perhaps 20 percent of the delivered cost the second year, 50 percent of such cost the third year, etc., and after the fourth year the total cost of the fertilizer used on his farm. Such a scheme can be varied according to particular conditions, but owners of farms used for fertilizer tests and demonstrations should be graduated to the paying category as soon as possible. Also, steps should be taken to avoid giving any one farmer the benefits of free or unduly cheap test fertilizer over extended periods to the exclusion of all other farmers in the neighborhood or area. The benefits should be spread from one farm to another.

The \$125,000 balance of the \$500,000 reduction in resource and development activities is to be applied so as to reduce the amount used for fertilizer demonstrations and farm-management assistance and rural organization and cooperative development activities, thus making the total funds devoted to these two activities not more than \$860,000.

The Authority proposed to purchase 421 new automobiles in 1948. The committee has reduced the number to be purchased to 221, and has accordingly reduced the appropriation by \$220,000. It is intended that these new cars be only for replacement of vehicles on hand, and that those in the most uneconomical operating condition be disposed of and replaced.

Section 102 of the Government Corporation Control Act requires that the budget program submitted by each wholly owned Government corporation shall include a statement of administrative expenses. Schedule B-6 of the budget program presented by the Authority covers its proposed administrative and general expenses for the fiscal year 1948, in amount of \$4,805,000.

This amount should be reduced and a total of not more than \$4,105,000 should be used for administrative and general expenses, including all costs of activities set out in schedule B-6 of the budget, except the operation of Norris and Wilson villages. In a statement obtained from the Authority after its budget program had been submitted, it was pointed out that the total estimate of \$4,805,000 for administrative and general expenses comprised \$1,798,000 of appropriated funds and \$3,007,000 of corporate funds. The committee has provided in title I of the bill \$1,409,000 of appropriated funds to be used for administrative and general expenses, and it desires that a total of not more than \$2,696,000 of corporate funds be used for such expenses.

The bill does not carry a legislative limitation but the intent of the committee is clear that the Tennessee Valley Authority management shall not exceed this amount of \$4,105,000 for administrative expenses. This amount is composed of various items as specified in this report. The Tennessee Valley Authority management is directed to conform to such limitations, both as to appropriated and corporate funds (in the aggregate). The reduction in appropriated funds

to be used for such expenses was computed approximately in proportion to the deductions applied to funds appropriated for construction and operating costs, except penalty mail costs. The entire reduction of \$5,000 from estimated penalty mail costs was made from appropriated funds. The portion of administrative and general expenses applicable to appropriated funds available for construction was reduced \$154,000, and the portion for operating costs (resource and development activities) was reduced \$35,000, a total of \$194,000.

The expense of operating Norris and Wilson villages is not properly an administrative expense, in the opinion of the committee. Since no information was obtainable as to what portion of the expenses of operating Norris and Wilson villages is appropriated funds, an arbitrary determination of one-half, or \$195,000, has been made. The expense of operating the villages should be separately presented in future budget programs, with sufficiently detailed data to accurately reveal their financial status, including the sources of funds used and objects of expenses in connection with their operation. The committee can see no justification for maintaining Norris and Wilson villages as an activity of the Authority unless they can be put on a self-sustaining

basis. Unless they are put on a self-sustaining basis they should be promptly disposed of by the Authority. The Authority should present a definite proposal to such end at the time its 1949 budget is considered. Apart from excluding the expenses of operating these two villages, the committee expects the administrative and general expenses to be reduced by \$310,000. The expense of maintaining an information staff appears to be larger than necessary and, except for the technical library service, is considered to be superfluous to the Authority's activities.

This direction by the committee does not prevent the Authority from allocating its administrative and general expenses to the cost of its various programs and activities for cost-accounting purposes. The statement of administrative expenses in future years should show a detailed break-down of such expenses by projects, programs, and activities and should distinguish appropriated funds from corporate funds.

The following statement showing the application of appropriated and corporate funds for the fiscal year 1948, on the basis of the budget as submitted, was requested by the committee after completion of the hearings:

TABLE I.—Statement of appropriated funds, fiscal year 1948

	1948 appropriation estimate	1947 unexpended balance	Less 1948 unliquidated obligations	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:					
Construction:					
Navigation, flood-control, and power facilities:					
Upper Holston projects (multipurpose).....	\$5,253,979	\$12,760,765	\$2,105,244	\$15,909,500	\$690,000
Other multiple-use facilities.....	3,205,500	587,119	62,119	3,730,500	159,500
Other navigation facilities.....	550,000			550,000	31,000
Investigations for future projects.....	90,000			90,000	3,000
Total.....	9,099,479	13,347,884	2,167,363	20,280,000	883,500
Chemical plant.....	8,661,000	1,960,353	250,353	10,371,000	306,000
General plant.....	735,268	60,183	10,183	785,268	20,500
Total construction.....	18,495,747	15,368,420	2,427,899	31,436,268	1,210,000
Purchase of general equipment:					
General plant:					
Transportation equipment.....	989,011	102,489	142,489	949,011	
Other general equipment.....	176,721	13,279	13,279	176,721	
Total purchase of general equipment.....	1,165,732	115,768	155,768	1,125,732	
Retirements:					
Chemical plant.....	25,000			25,000	
General plant.....	—2,000			—2,000	
Total retirements.....	23,000			23,000	
Total acquisition (and retirement) of fixed assets.....	19,684,479	15,484,188	2,583,667	32,585,000	1,210,000
Operating costs:					
Navigation operations.....	305,000			305,000	24,000
Flood-control operations.....	62,000			62,000	7,000
Fertilizer and munitions research and development.....	1,483,000			1,483,000	157,000
Resource development activities.....	6,000,000			6,000,000	400,000
Total operating costs.....	7,850,000			7,850,000	588,000
Adjustment for depreciation charged to construction and clearing accounts.....	—500,000			—500,000	
Total fixed assets and operations.....	27,034,479	15,484,188	2,583,667	39,935,000	1,798,000
General inventories (excluded in funds applied statement).....	23,021	68,466	68,487	¹ (23,000)	
Total appropriated funds.....	27,057,500	15,552,654	2,652,154		1,798,000

¹ Includes all of the unobligated balance from 1947 (\$12,056,521).

² Excluded from funds applied in accordance with instructions for preparation of budget documents.

TABLE II.—Application of corporate funds, fiscal year 1948

	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:		
Construction:		
Navigation, flood-control, and power facilities:		
Indirect construction costs recovered from income.....	\$135,500	
Power facilities.....	24,621,000	\$769,000
Total construction.....	24,756,500	769,000
Retirements: Navigation, flood-control, and power facilities: Power facilities.....	—1,968,000	21,000
Total acquisition (and retirement) of fixed assets.....	22,788,500	790,000
Operating costs:		
Power operations.....	14,826,000	1,076,000
Chemical plant operations.....	10,623,000	690,000
Maintenance of idle chemical properties.....	18,000	
Operation of multiple-use facilities.....	4,446,000	450,000
Reimbursable services.....	1,038,000	1,000
Total operating costs.....	30,951,000	2,217,000
Retirement of bonds.....	2,500,000	
Payment to U. S. Treasury.....	8,000,000	
Total funds applied.....	64,239,500	3,007,000

The committee desires that a similar statement be submitted in the budget justification of the Authority when consideration is given to its budget program for the fiscal year 1949.

DEPARTMENT OF JUSTICE

Federal Prison Industries

Federal Prison Industries, Inc., was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Net earnings by the Corporation from January 1, 1935, to June 30, 1946, total \$18,457,802. It paid a dividend of \$4,774,000 to the Treasury during the fiscal year 1946. This amount equals the original capital of the Corporation plus the net value of property transferred from other Government agencies without exchange of funds through June 30, 1945. It is to have paid an additional dividend of \$6,225,293 prior to June

30, 1947, and plans to pay another \$3,000,000 prior to June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$825,000	\$970,000
Expenses.....	8,927,994	8,944,340
Dividend payments to U. S. Treasury.....	6,225,293	3,000,000
Total funds applied.....	15,978,287	12,914,340
Funds provided:		
Revenue.....	10,097,994	10,090,259
Decrease in working capital.....	5,880,293	2,824,081
Total funds provided.....	15,978,287	12,914,340

¹ Includes administrative expenses, estimated at \$240,000, and reduced to \$225,000, by committee.

The item "Acquisition of assets" includes construction and improvement of buildings used for the industry's plant and acquisition of machinery and equipment under the Corporation's program of providing diversified employment. The Corporation's estimate of administrative expenses for the fiscal year 1948 have been reduced to \$240,000 from \$268,826 in 1947. Inasmuch as certain positions have been unfilled for some time, the committee feels that a small additional reduction can be made without jeopardizing the efficiency of the Corporation's operations. Therefore its administrative expenses for 1948 have been limited to \$225,000.

The financial statements presented to the committee were very clear and understandable and the committee commends the management for its clarity of presenting financial data. The committee also is of the opinion that the Federal Prison Industries has made a good record in general. It is hoped that this favorable record can be maintained in the future.

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The Corporation originally had an authorized capital stock of \$5,000,000. In 1928, this was increased to \$15,000,000. Of this amount, \$12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In addition to this capital stock of \$12,000,000, the Corporation has paid-in surplus in excess of \$10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority

to issue bonds or other long-term debt obligations.

At the time the budget program for the fiscal year 1947 was under consideration, the question was raised by the Secretary of Commerce as to whether or not the barge line should be sold regardless of the fact that all conditions of the act had not been met. The committee at that time recommended that the Corporation should not be sold until all of the requirements of the law had been met.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$2,255,000	\$2,200,000
Expenses.....	8,275,538	8,374,900
Increase in working capital.....		189,000
Total fund applied.....	10,530,538	10,763,900
Funds provided:		
Realization of assets.....	2,653,936	1,123,000
Revenue.....	7,815,400	9,640,900
Decrease in working capital.....	61,202	
Total funds provided.....	10,530,538	10,763,900

¹ Includes administrative expenses in amount of \$418,000.

The item "Acquisition of assets" includes approximately \$1,000,000 for the purchase of an articulated unit of a boat and a number of barges. One such unit is to be purchased in 1947. The principal new feature is that the front of the boat and the ends of the barges are square so that they will fit flush together. Basin tests of a model of this articulated unit indicate the possibility of phenomenal increases in efficiency and consequent economies. After the unit to be purchased in the fiscal year 1947 has been tested, and if the tests are successful, an additional unit is to be purchased in 1948. The balance of the \$2,200,000 is to be used for further modernization of floating equipment, including acquisition of additional barges and installation of three Diesel engines in operating boats.

Objections have been voiced regarding the Government's continuing to operate a barge line in competition with other carriers. In view of this fact and the fact that the barge line has not been operating at a profit, and since a comparatively large investment in new and improved equipment is proposed, the question of whether the Corporation is to continue its operation has been given consideration by the committee. The Select Committee on Small Business of the House had contemplated making a study of this question. Therefore this committee requested the Small Business Committee to expedite its consideration of the matter. After conducting hearings in various cities affected by the operations of the barge line, the Small Business Committee furnished to this committee a report with recommendations. A copy of that report is to be found on pages 54-58 of part 3 of the hearings. This committee concurs in principle in the recommendations expressed in the report of the Small Business Committee. On the assumption that the barge line will be continued as a going concern for at least several years, whether under Government or private management, the committee has approved the Corporation's budget program without change. It is refreshing to note that although the barge line is handling an increased volume of business it has at the same time reduced its administrative expenses from a total of \$640,000 in the fiscal year 1947 to \$418,000 in 1948. The management of the Corporation at present is in the hands of an alert and able person, Mr. A. C. Ingersoll, Jr., and the committee is hopeful that the Inland Waterways will set

an excellent example for other Government corporations to follow. If the Government must remain in business there is no good reason why its commercial activities should not be conducted on a sound and profitable basis.

Warrior River Terminal Company

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this Corporation has been owned by the Inland Waterways Corporation.

This company was formed for the purpose of acquiring the standard-gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The company originally had an authorized capital stock of \$150,000. Only \$100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the company's charter the capital stock was increased to \$1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately \$100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works for replacement of trestles with steel spans. The company has no outstanding bonds or other long-term debt obligations.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$201,465	\$250,000
Expenses.....	283,270	299,900
Increase in working capital.....	265	
Total funds applied.....	485,000	549,900
Funds provided:		
Revenue.....	485,000	500,500
Decrease in working capital.....		49,400
Total funds provided.....	485,000	549,900

¹ Includes administrative expenses in amount of \$20,100.

The item "Acquisition of assets" for 1948 covers the purchase of 50 coal cars. The Company has paid a dividend of \$75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years and subsequently, it is not anticipated that a dividend will be declared in 1948.

The report of the Small Business Committee with respect to the Inland Waterways Corporation also makes recommendations regarding the disposition of the Warrior River Terminal Company. The committee concurs in the recommendations of the Small Business Committee as made in its report.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people.

The United States Government purchased a number of properties, including sugar plantations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company, which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the company was established, and there is little doubt but that the situation has been greatly improved by the activities of the company which is the backbone of the economy of the island. The Company has never paid an actual profit, and the only activity which appears to be profitable is the rum distillery. The company has no Federal charter, and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business.

A bill has been introduced in the House (H. R. 3108) for incorporating the Virgin Islands Corporation, the proposed successor to the present company. The Corporation would have a capital stock of \$2,000,000 subscribed by the United States. It is proposed that this Corporation would make every effort to place the Virgin Islands on a self-supporting basis and enable the inhabitants to maintain an adequate standard of living. Development of tourist trade is one of the projects being planned to this end. In view of the ideal climate it is not impossible under proper management that a substantial volume of tourist trade could be built up over a period of several years. The committee is gratified to note that the Department of the Interior is seeking to find a solution for the economic plight of these island people.

The committee desires to reiterate the stand of the committee a year ago that "it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery," and to express the hope that in the consideration of the pending legislation the whole question of the economy of the islands will be studied with this in view.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$11,300	\$8,000
Expenses.....	946,900	1,046,700
Retirement of borrowings.....	20,000	100,000
Increase in working capital.....	187,900	183,000
Total funds applied.....	1,166,100	1,337,700
Funds provided:		
By paid-in surplus.....	800	
Revenue.....	1,165,300	1,337,700
Total funds provided.....	1,166,100	1,337,700

¹ Includes administrative expenses in amount of \$20,000.

Relatively minor expansion of the plant and equipment of the company is contemplated in 1948, as evidenced by the item "Acquisition of assets."

During the fiscal year 1946, programs carried on by the Company resulted in a net loss of \$78,509. For the fiscal years 1947 and 1948, the profit is estimated to be \$199,300 and \$268,400, respectively, before providing for income taxes which are estimated to be \$60,000 and \$85,000, respectively. This increase in profits results from the estimated increase in sales of sugar and rum. The operations of miscellaneous programs are expected to continue at a loss during 1947 and 1948. The sales from electricity are expected to produce enough revenue in 1948 to cover

the cost of sales and provide a small profit. The net from the sale of rum, if realized as estimated, will finance the losses on the miscellaneous programs, plus other expenses.

During 1946 the income almost equaled the expenditures on the sugar program, and it is expected that the income will at least equal the expenditures in 1947 and 1948. However, inadequate rainfall is an ever-present contingency and adverse weather conditions may easily result in the loss of an entire year's crop.

The budget program has been approved as submitted, including \$20,000 for administrative expenses in 1948, the same amount provided for the fiscal year 1947.

NATIONAL HOUSING AGENCY
Office of the Administrator

The National Housing Agency was created by Executive Order 9070, issued February 24, 1942, and represented a consolidation of the civilian housing programs previously vested in 16 Government agencies.

The Agency consists of: The Office of the Administrator, which is responsible for assisting in the formulation of Federal housing programs, for supervising the execution of national housing policy, and for over-all coordination of the Agency's activities; the Federal Home Loan Bank Administration, with responsibilities for the supervision of building and loan and similar financial institutions and the establishment of credit facilities to protect their liquidity; the Federal Housing Administration, with statutory powers to insure mortgage loans made by private financial institutions on privately constructed and owned dwellings; and the Federal Public Housing Authority, which provides financial assistance, pursuant to the United States Housing Act of 1937, in the construction and maintenance of low-rent, slum-clearance housing projects and supervision in varying degrees over their management, and is also engaged in recreation, management, and disposition of temporary emergency housing under the veterans' housing and the public war-housing programs.

The Agency includes several activities which have been defined by section 101 of the Government Corporation Control Act as wholly owned Government corporations subject to the provisions of that act; namely, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, which are administered within the Federal Home Loan Bank Administration; the Defense Homes Corporation; and the Federal Public Housing Authority (or U. S. Housing Authority).

During the first phase of the veterans' emergency housing program—from February 8, 1946, until the President revised the program in December—the Office of the Administrator carried out the major functions of the Housing Expediter, during a period when the same individual was both Administrator and Expediter. When the veterans' emergency housing program entered its second phase, the President made separate appointments to the post of Administrator and Expediter.

The budget estimate submitted for the Office of the Administrator amounted to a total of \$1,215,000 of obligations for the fiscal year 1948. The amount for comparable activities during the 5½ months from January 11, 1947, was \$745,500. The estimate for 1948 reflected the new organization pattern of the Office of the Administrator subsequent to the separation of the function of the Housing Expediter from the National Housing Agency by Executive Order 9820, effective January 11, 1947. The following summary statement was included in the justification presented by the Administrator of the proposed 1948 budget program:

"The Office of the Administrator has a responsibility under Executive Order 9070 for the basic research and fact finding which is necessary to discharge the responsibilities of the Federal Government in the field of housing as vested by law in the National Housing Agency. It exercises general supervision over the programs and general administration of constituents of the Agency. It is performing a broader coordinating function of all major activities of the Federal Government relating to housing through the work of the Coordinating Council which was established by the National Housing Administrator and meets with him at regular intervals.

"The Administrator has, under provisions of the Lanham Act, primary responsibility for all funds appropriated for public war housing and veterans' housing, and for supervising the management and disposition of all such housing. In keeping with the functional allocation of activities within the National Housing Agency, the execution of this responsibility has been largely delegated to the Federal Public Housing Authority. Ultimate responsibility for this program remains, nevertheless, with the National Housing Administrator.

"The Office of the Administrator serves as a point of contact on matters concerning or affecting housing activities of the Federal Government for the Congress, other Federal agencies, State and local governmental units, the building and construction industry, the general public, and foreign governments."

The means of financing the budget proposed for 1948 was presented by the Administrator as follows:

Transfers from constituents of NHA:	
Federal Home Loan Bank Administration.....	\$67,500
Federal Housing Administration.....	180,000
Federal Public Housing Authority.....	202,500
Total from constituents.....	450,000
Lanham Act, title V appropriation.....	100,000
Operation, management, and disposition, public war housing....	665,000
Total.....	1,215,000

The separate functions and programs are carried out by the various constituent units of the Agency, yet it proposes to use \$1,215,000 to superimpose a kind of master planning entity on top of these constituents each of which maintains its own planning, coordinating, and administrative staff. While it is true that these constituent units are all concerned with a common element, housing, the activities of each is quite different from the others. The Federal Home Loan Bank Administration and its constituent units perform essentially a program of banking and extension and protection of credit. The Federal Housing Administration is an insurer. The Federal Public Housing Authority carries out what fundamentally is a social program. These activities are unrelated in more ways than they are similar.

The committee is unable to justify to the House the program presented for the Office of the Administrator, and accordingly has effected a drastic reduction in the funds available for 1948. The entire structure of Government corporations and independent agencies is today so confused with inter-agency borrowing, lending, and transfers of funds that the most able of financiers and accountants are hard put to comprehend the over-all picture. In order that at least one segment of this confused situation may be clarified, the committee has provided that all the funds available to the Office of the Administrator, \$100,000 for the fiscal year 1948, shall be in the form of a direct appropriation

from the Treasury, and from no other source. Such amount is adequate to preserve the administrative and policy supervision of the Office of the Administrator, and the committee proposes that, unless legislative provision is made to authorize and specify the duties and functions of the Office of the Administrator, the fiscal year 1948 is to be the last year of its existence.

Office of the Housing Expediter

The position of Housing Expediter was created in the Office of War Mobilization and Reconversion on December 12, 1945, primarily for the purpose of developing emergency measures to deal with the acute housing shortage as it affected veterans of World War II. The first Expediter was appointed on that same date. By Executive Order 9686, issued January 26, 1946, the President set forth in detail the functions and powers of the Housing Expediter including a direction that he formulate an emergency program and recommend necessary legislation. The Veterans' Emergency Housing Act, approved May 22, 1946, created the Office of the Housing Expediter, and included authorization for allocations and priorities, the use of premium payments to stimulate production of building materials, and the guaranty of markets for prefabricated houses and new type building materials. The same person, as authorized by the act referred to, was appointed to serve in the dual capacity of Housing Expediter and Administrator of the National Housing Agency. By Executive Order 9820, issued January 11, 1947, these two functions were separated. By Executive Order 9836, issued March 22, 1947, all housing functions previously carried on by the Civilian Production Administration were transferred to the Office of the Housing Expediter. These include all of the administrative duties with respect to the limitations on nonessential and deferrable construction, the allocation and channeling of raw materials, and granting of priorities assistance to producers. In addition, the Office of Housing Expediter is charged with administering the compliance with all its regulations and orders.

The original estimate of salaries and expenses for the Housing Expediter, presented by the Budget Bureau, for the fiscal year 1948 amounted to \$12,450,000. This was subsequently revised downward to \$7,765,000, as shown on page 465 of part 1 of the hearings. This revision anticipated substantial relaxation and elimination of controls for the remainder of the calendar year 1947, and liquidation of the agency by January 1, 1948 was contemplated under the revised budget program. The committee is convinced that the program of trying to expedite the construction of residential housing has not been successful. It is doubtful that the funds expended have expedited construction at all, and more doubtful that the public has received real value for its funds so used. Reports are prevalent that building materials have become available in a volume that is beginning to saturate the market, and that price reductions in many lines are in the offing because supply is beginning to exceed demand. For these reasons, and because strong sentiment has been expressed in the Congress to the effect that this function should be terminated, the committee requested the Expediter to prepare an estimate of the cost of liquidating that office as of June 30, 1947. The estimate appears on page 474 of part 1 of the hearings. The exact amount of this estimate, \$3,539,080 is provided in the accompanying bill.

Federal Home Loan Bank Administration

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of (1) the Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan

Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

Federal Home Loan Bank System

The Federal Home Loan Bank System is composed of 11 Federal home-loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. There were formerly 12 such banks, but 2 were combined on March 29, 1946, reducing the number to 11. This System performs substantially the same function in the field of home-mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at \$1,965,000, and reduced by the committee to \$1,250,000.

Federal Savings and Loan Insurance Corporation

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to \$5,000 for each account of investors in approved institutions.

The authorized and paid-in capital stock of the Corporation amounts to \$100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of \$3,000,000 per year. Deferral of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of \$5,771,876,000 on 2,490 insured savings and loan associations as of June 30, 1946, the Corporation does not contemplate the return of any Government capital during 1948.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there were no such obligations outstanding as of June 30, 1946. In addition to the capital stock, surplus reserves amounted to \$67,350,194 on June 30, 1946, and will reach a total of \$74,869,000 by June 30, 1948.

The committee wishes to point out that the Federal Savings and Loan Insurance Corporation acts as insurer for savings in institutions whose assets total approximately \$5,750,000,000. The home mortgage debt of the country at the beginning of the current calendar year was in excess of \$24,000,000,000, an all-time high. It is common knowledge that home prices are highly inflated. Com-

petition between institutions for making loans contributes to inflating home values, and officials of mortgage-lending institutions too often supplement their salaries by commissions received in placing fire insurance on the homes covered by their mortgage loans.

In view of the period of time which has elapsed since premium rates and the ratio of reserves to cover losses was established for insuring deposits in savings and loan institutions, and the factors set out above, the proper legislative committee should undertake a thorough study of the insurance extended by the Federal Savings and Loan Insurance Corporation. The officials of the Corporation should exercise their full discretion under the law to refuse to insure any institutions whose officials sell insurance or receive other fees (which thereby may directly or indirectly influence loan judgment) in addition to their salaries.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$10,893,000	\$17,787,000
Expenses.....	2,111,500	2,655,000
Total funds applied.....	13,004,500	20,442,000
Funds provided:		
Realization of assets.....	1,062,200	7,978,000
Revenue.....	11,230,600	12,046,800
Decrease in working capital.....	771,700	417,200
Total funds provided.....	13,004,500	20,442,000

¹ Included administrative expenses estimated at \$670,000, and reduced to \$532,000 by committee.

The Corporation has purchased \$3,500,000 worth of Government securities in 1947, and estimates that it will purchase an additional \$6,000,000 in 1948. Insurance premiums amounted to \$7,283,000 in 1947 and are estimated at \$8,090,000 in 1948. Contributions to insured institutions amounted to \$1,501,000 in 1947 and are estimated at \$1,929,000 in 1948. The estimate for administrative expenses in 1948 was \$670,000, which has been limited by the committee to \$532,000.

Home Owners' Loan Corporation

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation. Through this process the Corporation is, and has been, proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital—\$200,000,000—was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue \$4,750,000,000 in bonds, and on June 30, 1946, \$743,111,625 of such bonds were outstanding. It is expected that by June 30, 1948, the total bonds outstanding will have been reduced to \$300,999,625.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of

the amount loaned. The total obligations of the Corporation at one time exceeded \$3,400,000,000, and it is now estimated that the deficit as of June 30, 1948, will be \$50,620,300.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,390,000	\$1,335,000
Expenses.....	10,990,000	18,013,000
Retirement of borrowings.....	239,112,000	203,000,000
Total unds applied.....	251,492,000	212,348,000
Funds provided:		
Realization of assets.....	218,963,000	189,368,000
Revenue.....	29,394,000	20,268,000
Decrease in working capital.....	3,135,000	2,712,000
Total funds provided.....	251,492,000	212,348,000

¹ Includes administrative expenses estimated at \$3,723,000, and reduced to \$3,000,000 by committee.

The Corporation has had no authority to make new loans except on resale of property to which title has been acquired through foreclosure for 11 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years pass and the administrative expenses should be progressively reduced. The committee has reduced the estimate of \$3,723,000, by \$723,000, to \$3,000,000. The committee is of the opinion that it is possible to sell all of the outstanding loans on the books at the present time at not less than face value without recourse. It should be possible to make such sales by areas or States, selling en bloc all the mortgages in a given area. The loans are for the most part paid down to where they are backed by sound mortgage collateral, and should be readily salable in large lots. Every effort should be made to expedite the liquidation of these loans without waiting for them to mature.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under the provisions of the National Housing Act, to encourage improvement in housing standards and conditions, to promote a stable home mortgage market, and to stimulate the flow of private capital into the field of home financing through the insurance of mortgages on dwellings. During the present year, the Federal Housing Administration has operated under three titles of the National Housing Act. These are title I, which authorizes partial insurance by the Federal Housing Administration of character loans made for renovation improvement, and within certain limitations, construction of both residential and nonresidential properties; title II, which provides for insurance of home mortgages up to 80 to 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II, but provides for appraisals on a current cost basis and higher coverage for emergency housing. Title VI was used during the years 1941-45 for insurance of privately financed war housing and was reinstated by the Congress in the spring of 1946 (Public Law 388, 79th Cong.) for insurance of veterans' housing. During normal times the Federal Housing Administration operates exclusively under titles I and II. The authority to insure new business under both titles VI and I, will expire on June 30, 1947, unless legislation extends such authority beyond that date. This will restrict insurance of new construction to title II, but will permit some refinancing under title VI and the usual insurance of existing construction under title II. None

of the titles of the National Housing Act contemplates that the Federal Housing Administration either build houses or lend money.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance programs; and (3) administrative expenses of the departmental field staffs of the Federal Housing Administration. The net worth of all the various insurance funds on December 31, 1946, was \$134,000,000, of which all but an initial contribution of \$15,000,000, from funds of the Reconstruction Finance Corporation, has accrued from insurance operations. It is estimated that this net worth will increase to approximately \$160,000,000 by June 30, 1948.

Through December 31, 1946, a total of \$4,000,000 in dividends had been paid out to members of mutual insurance groups who have paid their mortgages in full. The annual rate of these dividends at the present time is \$1,500,000. This so-called mutuality under which dividends are paid is, in the opinion of the committee, a misnomer, since those entitled to receive dividends are not liable for a pro rata share of losses. The committee recommends that legislation be enacted to correct such a situation.

During its 12½ years of operation the Federal Housing Administration had insured loans amounting to nearly \$10,000,000,000. As of June 30, 1946, \$4,203,000,000 of these loans were outstanding. In view of the fact that this agency has been in existence during a period when the trend of real property values has been almost constantly rising, and fortunately has never been confronted with a period of declining residential prices, it is recommended that the appropriate legislative committee undertake a reexamination of the ratio of reserves maintained against loss contingencies.

The estimate presented for administrative expenses in the fiscal year 1948 was \$24,000,000. The amount for 1946 was \$11,416,543; and for 1947, \$17,624,000. The committee has limited such expenses in 1948 to the same amount as for 1947.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were:

The United States Housing Authority.

The slum-clearance projects of the Public Works Administration.

Defense housing of the United States Housing Authority.

The Division of Defense Housing of the Federal Works Agency.

The Division of Mutual Ownership of the Federal Works Agency.

The defense-housing program of the Public Buildings Administration.

The housing of the War and Navy Departments (except projects on military and naval reservations).

The nonfarm housing of the Farm Security Administration.

Defense housing of the Farm Security Administration.

The Defense Homes Corporation.

The functions of the Authority are divided into 6 major groups which are presented separately.

After the hearing on this bill last year, the committee had an investigation conducted with respect to the activities and budgetary requirements of local housing authorities and, in general, to make a thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures. The services of a small staff of trained and competent investigators were utilized for a period of more than 6 months. In the course of such investigation much light was thrown upon the activities of the central and regional offices of the Federal Public Housing Authority, which does not speak well for the manner in which this agency of Government has been managed and operated. The chief of the investigative staff and his assistant were called before the committee during the course of its hearings for interrogation with respect to their findings, and the testimony can be found beginning at page 314 of part 2 of the hearings. The Commissioner of the Federal Public Housing Authority was also interrogated regarding the questionable conditions and practices existent in the operations of the Authority.

The hearings are replete with instances of poor administration in the past and with questionable policies and practices at present.

The General Accounting Office made arrangements for an outstanding commercial accounting firm to undertake an audit survey of the books of FPHA. The report made to the General Accounting Office revealed on the part of FPHA an accounting situation so badly confused that a true audit could not be undertaken. It has been stated that virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation, because the conditions have not been remedied or eliminated, there is no alternative to the conclusions that may be reached.

It was brought out in the hearings that steps are presently being taken to correct this inexcusably bad accounting situation.

Instances of embezzlement of the funds of local housing projects by employees thereof came to the committee's attention. While in each of such known instances restitution of losses was effected and no Federal funds were lost, the Commissioner of FPHA insisted that it was incumbent upon him to determine whether any Federal criminal statute had been violated. The committee is of the opinion that such determination should properly be made only by the Attorney General and has requested him to investigate the embezzlements in question.

There are indications that labor unions are exercising an undue influence in at least some of the personnel actions taken by officials of FPHA. A case in point is cited on page 328 of part 2 of the hearings. A female employee of the Authority at San Diego, Calif., published a pamphlet on behalf of a labor union of Government employees attacking the management and publicizing her victory in an efficiency-rating appeal.

There are indications that travel performed at Government expense by employees of FPHA has been very loosely controlled and that the making of long-distance-telephone calls at Government expense has been subjected to

abuse. The letting of construction contracts by FPFA officials has been shown to be questionable in some instances. Reports of inefficiency and incompetence in FPFA regional offices have reached the committee from several reliable sources.

The proportion of high-salaried personnel on the rolls of the FPFA is much higher than the over-all average for the Government as a whole and is much higher than that existing in any other Government agency which has come to the attention of the committee. Thirty-six percent of the total personnel of FPFA receive salaries above \$4,500 per annum, and the list of titles of the so-called specialists employed is startling. This, in connection with other considerations enumerated, has motivated the committee to effect a substantial reduction in the administrative expenses of FPFA. By reducing its percentage of high-salaried personnel, this agency can maintain an adequate and efficient staff for carrying out its proper functions. The committee has included a provision in the bill limiting the number of persons paid in excess of \$4,500 per annum to 20 percent of the total in order to bring the number of higher-paid personnel in line with sound business practices.

In its hearings, which are published, the committee has sought to obtain and point out the facts regarding what appears to be in many respects a deplorable condition in a Government agency. The present Commissioner of FPFA cannot be held responsible for errors or irregularities which occurred prior to his incumbency in that position. Being apprised of such matters, the Commissioner is expected to institute such changes as may be necessary to put the FPFA house in order during the fiscal year 1948.

The estimate of administrative expenses of the Authority for the fiscal year 1948 was \$15,600,000. This has been reduced by the committee to \$10,400,000, an amount more nearly in keeping with the work the Authority is required to perform, and this sum is more than adequate to support all activities of FPFA in 1948 which are necessary in the public interest. The committee expects all reductions in personnel to be made in relation to activities other than those necessary to the proper handling and accounting for the public funds and property entrusted to the FPFA.

Public war-housing program

In order to sustain the defense-production program, the Congress during 1940 enacted the following legislation authorizing the provision of housing for defense workers: The Second Supplemental National Defense Appropriation Act, 1941, Public Law 781, approved September 9, 1940; and the Lanham Act, Public Law 849, approved October 14, 1940. Subsequently, authorizations and appropriations for temporary shelter for defense workers and in-migrant war workers were provided by Public Laws 9, 73, 140, 375, and 353. These acts provided for financing the required emergency housing entirely from Federal funds in localities in which an acute shortage of housing existed or impended and where such housing would not be provided by private capital.

Titles I and IV of the Lanham Act, as amended, authorized \$1,515,000,000 for the development of war housing, and additional authorizations of \$320,000,000 were made under Public Law 9, as amended. As of June 30, 1946, allotments amounting to \$1,560,000,000 had been made to the Federal Public Housing Authority from appropriations under these authorizations.

Section 303 of the Lanham Act, as amended, authorized the use of income derived

from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a \$25,000,000 reserve for expenses in connection with the disposition operations of projects constructed with Lanham Act funds. This reserve has been established from the net income from project operations and sales proceeds from the disposition of terminated war housing. Of this reserve \$24,000,000 has been allocated to this program and \$1,000,000 to the homes conversion program.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$37,440,924	\$52,142,470
Expenses.....	55,291,200	50,210,200
Retirement of borrowings and capital.....	33,441,970	74,824,332
Increase in working capital.....	23,109,242	-----
Total funds applied.....	152,283,336	177,177,002
Funds provided:		
Realization of assets.....	71,065,636	109,841,830
Revenues.....	81,217,700	65,669,800
Decrease in working capital.....	-----	1,665,372
Total funds provided.....	152,283,336	177,177,002

Project revenues are estimated in gross for 1948 at \$65,669,800, which amount is partly offset by \$23,797,800 estimated as direct operating expenses of the projects.

The committee feels that the policies and methods which have been followed by FPFA in disposing of war housing, and especially sales of such housing to mutual ownership groups, are not in the public interest. Legislation is now pending (H. R. 3492) to transfer the entire function of disposing of this housing to another Government agency. The committee endorses the provisions of H. R. 3492 and urges that it be enacted by the Congress at the earliest possible date.

Homes conversion program

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, the concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately \$90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of \$25,000,000 so authorized, \$1,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to return to the Treasury a substantial portion of the Government's initial outlay.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$304,164	\$201,300
Expenses.....	15,923,500	10,860,400
Retirement of borrowings and capital.....	9,242,582	10,263,694
Increase in working capital.....	579,764	-----
Total funds applied.....	26,050,300	21,325,394
Funds provided:		
Realization of assets.....	4,746,800	6,585,600
Revenue.....	21,303,500	14,441,300
Decrease in working capital.....	-----	298,494
Total funds provided.....	26,050,300	21,325,394

At the end of the fiscal year 1946 there were 48,296 housing units under management and this figure will probably be reduced to 21,352 at the end of fiscal year 1948.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases as rapidly as possible, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

It is estimated that from revenue receipts and operating balances \$10,263,694 from fiscal year 1947 operations will be returned to the Treasury in 1948, and \$9,242,530 from 1948 operations should be returned in 1949.

Veterans' reuse housing program

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, created severe hardship for veterans and their families unable to obtain shelter. It also caused distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and non-profit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945, and for those local bodies desiring to develop their entire projects.

On December 28, 1945, the Congress appropriated \$191,900,000 to the National Housing Agency to carry out the purposes of title V and supplemented this by an additional appropriation of \$253,727,000 on April 22, 1946,

making a total of \$445,627,000. A total of \$436,697,814 is to be transferred to the Federal Public Housing Authority to provide temporary dwellings for veterans.

It is hoped to provide through Federal financing and within the available funds, approximately 180,800 temporary dwelling accommodations through the re-use of federally owned structures. About 9,600 accommodations were provided by local bodies, which undertook removal and re-use prior to the appropriation of funds for this program and the local bodies will be reimbursed. Local bodies desiring to develop their entire programs on a reimbursable basis are expected to provide approximately 700 accommodations. The balance of 170,500 federally financed accommodations are being developed by the Federal Public Housing Authority under contracts with local bodies.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$390,360,101	\$31,697,576
Expenses.....	796,700	937,400
Total funds applied.....	391,156,801	32,634,976
Funds provided:		
Revenue.....	8,345,000	11,586,000
Appropriations.....	10,570,814	
Decrease in working capital.....	372,240,987	21,048,976
Total funds provided.....	391,156,801	32,634,976

After giving effect to anticipated project net income, projected operations result in net program losses amounting to \$360,645,142 and \$54,340,626 respectively for the fiscal years 1947 and 1948. The bulk of the direct program costs are incurred during the fiscal year 1947. Project costs are carried on the books of account as assets until title to the projects is transferred to the local bodies, at which time the assets are written off and the loss is recorded.

Completion of the program has been seriously retarded by shortages of the materials and equipment required to place the re-used structures in livable condition. Costs have risen substantially over original estimates as the result of: (1) Inability to secure the contemplated number of surplus temporary war-housing structures, because of continued high occupancy, thus leading to a greater use of surplus military structures, (2) delays in delivery of materials and equipment and lack of adequate labor supply, and (3) increase in labor rates and in costs of materials and equipment.

Defense Homes Corporation

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation is expected to have accomplished total liquidation of its assets by June 30, 1947. The Federal Public Housing Authority informed the committee that the Corporation would probably return to the Treasury as profits from operations and disposition of assets an amount in excess of \$5,000,000. However, the committee has been informed that sales of some of the larger housing units of the Corporation were not made for cash, but on the basis of the Corporation's receiving a relatively small cash

payment and notes covered by purchase money mortgages. These notes extend for many years, and in view of the type of construction involved it is felt that any computation of profits should be deferred until the notes are paid or sold. Inasmuch as the Corporation owes a substantial sum in the form of notes to the Reconstruction Finance Corporation, and since the Reconstruction Finance as principal creditor has a claim against the assets of the Corporation, the committee has provided in the bill that all the capital stock of the Defense Homes Corporation shall be transferred to the Reconstruction Finance Corporation. Provision has also been made for the transfer to the RFC of all assets, liabilities, and records of the Corporation. The RFC is to have full charge of the liquidation, including selection of personnel to be used for that purpose. This should result in the taxpayers getting an accurate picture of the net results of the Defense Homes Corporation when it is completely liquidated.

Instead of the budget estimate of \$12,300 for administrative expenses in 1948, the committee has provided an amount not to exceed \$3,000 which is to be available for payment of terminal leave only.

United States Housing Act program

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412 to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the authority to make loans to local public housing agencies to aid in financing slum clearance and the development of low-rent housing projects. To bring rents in the completed dwellings within financial reach of families in the lowest income groups, the Authority was empowered to make limited annual contributions, provided that the community would also make contributions toward the operation of the projects.

An important amendment to this act was added by Public Law 671, approved June 28, 1940. Under this amendment the unused portion of the borrowing authorization provided in the United States Housing Act of 1937 was made available for the construction of permanent housing to be used primarily for housing war workers for the duration of the war. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay prevailing rents for comparable accommodations. On a Presidential finding that such projects are no longer needed for housing war workers, however, the projects are required to be converted to low-rent use. Most of these projects have already received Presidential approval for conversion. As private housing becomes available for occupants whose incomes exceed the maximum allowable for tenants in low-rent projects, these occupants will be replaced by low-income families. These projects will then be on a basis of operation comparable to that of Public Law 412 projects.

An addition to the locally owned low-rent program is possible through the sale of federally owned permanent war-housing projects developed under the Lanham Act, Public Law 849, approved October 14, 1940. The Lanham Act requires the disposition of all war-housing projects but permits transfers for low-rent use only when specifically authorized by Congress. In keeping with this provision of the act, it is the intention of the Federal Public Housing Authority to request authority of Congress for such transfers in those cases in which a community, through its local housing authority, desires to take over a project suitable for low-rent housing and the local government approves and supports the request.

Besides the locally owned projects which constitute the greater part of the low-rent program, the Federal Public Housing Authority has under management some federally owned projects. The main group of federally owned housing projects consists of those developed by the Public Works Administration Housing Division, which were subsequently transferred to the Authority by the President under a provision of the United States Housing Act. This transfer was effected under Executive Order 7732, dated October 27, 1937. The Public Works Administration projects were constructed by the Federal Government with appropriated funds, and consequently the capital cost of these projects is not repayable. They are operated in the same manner as locally owned low-rent projects, except that they are not eligible for annual contribution subsidies nor are any necessary since no debt service is required.

Another group of federally owned housing projects consists of Public Law 412 projects in Ohio. The Federal Government had to take title to these projects as a result of a decision by the Ohio Supreme Court, which denied tax exemption and eliminated the local contributions required under the United States Housing Act. These projects will return to local ownership when State legislative action is taken to permit their operation in accordance with the Housing Act.

Federally owned projects also include a small group of Public Law 671 projects. In order to expedite construction of housing urgently needed during the war, it was necessary for the Federal Government to engage in some direct construction under Public Law 671. These projects will be sold to local housing authorities for low-rent use, but it is not possible to finance the sale of the entire group of projects because of the legislative limitation on the amount of annual contributions that may be committed. As long as the Public Law 412 Ohio projects and the Public Law 671 projects remain under Federal ownership, they are not eligible for annual contributions.

The Authority was created as a "body corporate of perpetual duration" with \$1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act, as amended, provides a borrowing and a lending power amounting to \$800,000,000 and limits the total annual contributions for which the Authority may contract to a maximum of \$28,000,000 per year. Funds borrowed by the Federal Public Housing Authority under Public Law 412 were to be used for loans to local housing authorities covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of the development cost or direct construction by the Federal Government.

By June 30, 1946, the Authority had borrowed \$398,000,000, of which \$38,000,000 had been repaid, leaving \$360,000,000 outstanding. Long-term loans of \$348,097,000 had been made to local housing authorities, of which \$71,045,000 had been repaid by refunding operations and \$1,408,000 by advance repayments. Another \$2,507,217 was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1946, amounted to \$278,151,217. An amount of \$41,120,540 had been used for direct Federal Public Housing Authority construction of war-housing projects under Public Law 671. From private sources local housing authorities had obtained \$376,990,000. This amount is made up of \$147,594,000 in bonds and \$229,396,000 in temporary-loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary. The total paid-in capital of \$195,596,284, as of June 30, 1946, consists of capital stock amounting to \$1,000,000, funds and property

transferred from the Public Works Administration Housing Division amounting to \$140,746,284, and cumulative appropriations for the payment of annual contributions on low-rent projects in an amount of \$53,850,000.

The major activities under the United States Housing Act program may be divided into two groups: (a) Those connected with the development and capital financing of low-rent projects; and (b) those concerned with the management of projects and the payment of subsidies in the form of annual contributions.

Development and capital financing operations

Locally owned project—Public Laws 412 and 671: Under the United States Housing Act, low-rent-housing activities are primarily a subject for local determination and control, the role of the Federal Government being limited chiefly to providing technical and financial assistance. Accordingly, title to locally owned projects and primary responsibility for their operation rests with local housing authorities established under the laws of the political subdivisions in which they are located.

Federal assistance can be provided only under conditions prescribed by the United States Housing Act. The local housing authority is required to establish that the locality has a real need for public low-rent housing; ascertain that at least 10 percent of the development cost can be financed from private capital; provide, by tax exemption, a local subsidy equal to at least one-fifth of the annual contribution to be provided by the Federal Public Housing Authority; assure the elimination of one slum unit for every new dwelling unit built; observe statutory dwelling cost limitations; and provide for an economical system of management operations. The local authority must also select and acquire a suitable site, secure proper zoning, prepare site and architectural plans, award the construction contract to the lowest responsible bidder, and supervise and inspect construction.

In furnishing technical and financial assistance, the Federal Public Housing Authority is responsible for reviewing and inspecting the operations of local authorities to assure compliance with the act. The Authority exercises this responsibility by enforcing the provisions of contracts under which it provides loans and agrees to pay annual contributions. The loans to local authorities bear interest at the rate of one-half of 1 percent above the going Federal rate on long-term bonds. Financial aid in the form of short-term loans is made available to local authorities during the early phases of project development. Permanent financing, which normally occurs after construction is approximately 75 percent complete, is accomplished by the sale of two types of bonds—A bonds sold to private investors on the basis of competitive bids and B bonds sold to the Federal Public Housing Authority for the balance of the development cost. The entire loan and annual contribution authorizations provided in the act have been committed, but actual construction of a number of projects was deferred because of the war.

Approximately 90 percent of the short-term financing requirements during fiscal years 1947 and 1948 will be supplied by private investors at lower interest rates than the Federal Public Housing Authority is required by law to charge. The Authority's participation in short-term financing is estimated to be \$2,396,750 in fiscal year 1947 and \$3,568,250 in fiscal year 1948.

Refinancing of Public Law 412 projects now permanently financed will have a net effect of reducing the Federal Public Housing Authority's B bond holdings by \$21,610,000 in fiscal year 1947 and \$2,200,000 in fiscal year 1948. Net refunding operations are ex-

pected to decline to \$2,200,000 during fiscal year 1948 since the Authority's efforts, insofar as permanent financing operations are concerned, will be directed toward the permanent financing of Public Law 671 projects. By June 30, 1948, it is anticipated that all the Public Law 671 projects with fiscal years beginning October 1 and January 1 will be permanently financed and also 75 percent of those with fiscal years beginning April 1 and July 1. This will result in the purchase of \$5,256,000 of B bonds during fiscal year 1947 and \$15,036,000 in fiscal year 1948. Emergency corrections of war-caused construction deficiencies will also necessitate the purchase of an estimated \$300,000 of B bonds during fiscal year 1947 and \$300,000 during fiscal year 1948. It is estimated, further, that there will be permanent financing of reactivated projects in fiscal year 1948 which will result in the purchase of \$176,000 of B bonds.

The net effect of all anticipated transactions in B bonds will be a decrease of \$16,054,000 as of June 30, 1947, and an increase of \$13,312,000 as of June 30, 1948.

Federally owned projects: No new direct development by the Federal Public Housing Authority is contemplated, but there will be an estimated expenditure of funds amounting to \$3,575,782 in fiscal year 1947 and \$1,437,492 in fiscal year 1948 for the liquidation of outstanding obligations, for final contract settlements, and for emergency corrections of war-caused deficiencies.

Management operations

Locally owned projects—Public Laws 412 and 671: As in the case of development operations, the local housing authority is required in the management of these projects to observe certain rules which are concerned with the eligibility of tenants, with rent-income ratios, with standards of physical operation and maintenance, and with accounting practices. The Federal Public Housing Authority reviews management operations of the local housing authority and audits its books to assure compliance with these rules.

Low-rent projects owned by local authorities have three sources of income: (a) rental income, (b) a contribution by the local community, and (c) a Federal annual contribution. Rental income of the projects depends upon the rent-paying ability of the tenants, since a system of graded rents varying according to family income is generally used. In normal low-rent operation, the rental income is not sufficient to meet the project expenses, including operating costs, payment of interest, and amortization of capital costs. This deficit is met by the local and Federal contributions. The contribution by the local community is in the form of tax remission or exemption and represents the difference between full normal taxes and the actual payment in lieu of taxes made by the project. The remainder of the deficit is met by the Federal Government, with the limitation that the local contribution must be at least 20 percent of the Federal contribution and the limitation that the Federal contribution may not exceed the maximum contribution set in the contract for financial aid. In all cases the maximum Federal contribution that may be paid is an amount equal to the yield at the going Federal rate of interest at the time the contract is made plus 1 percent upon the total development cost of the project.

The Federal annual contribution actually paid equals the operating deficit of a project, after giving effect to the local subsidy. The operating deficit is determined by subtracting the total income from the total expenses. Total expenses consist of operating expenses; amounts reserved in the period for repairs, maintenance, and replacements, and for vacancy and collection losses; and the amounts expended for debt service and payments in lieu of taxes.

Thus an increase in the amount of operating expenses and other items that are deducted from rental income of and local contributions to local housing projects, results in a proportional increase in the amount of contributions which the Federal Government is expected to pay to maintain their low-rent character.

It has been ascertained that there is some laxity in checking on the income of tenants in low-rent projects. (See pp. 314-316 of pt. 2 of the hearings.) Failure to assess every tenant the amount of rent he should pay based on his current income results in raising the amount of the Federal contribution. A large amount of impounded liquid funds is being held by the authorities of local housing projects as reserves which have been built up and continue to increase as charges to operating expenses, thereby increasing the Federal contribution. These reserves aggregate at least \$40,000,000. The various categories are working capital reserve, reserve for repairs, maintenance, and replacements, reserve for vacancy and collection losses, debt service reserve, reserve for working capital, reserve for operating improvements, and reserve for contingencies. Statements describing these reserves are to be found beginning on pages 106 and 321 of part 2 of the hearings. While charging these reserves as expenses is permitted under the contracts between FPFA and the various local housing projects, such practice is not expressly authorized by law with respect to locally owned housing projects. Although the general counsel of FPFA has submitted an opinion contending that these reserves are legally authorized (p. 266 of pt. 2 of the hearings) the committee feels that such policy is of doubtful legality. In any event the committee cannot subscribe to the payment of full contributions to local projects holding reserves which are beyond all proportion to the financial requirements for maintaining their low-rent character. Accordingly, a limitation has been imposed upon the appropriation for the payment of contributions in the fiscal year 1948, requiring that no contribution shall be paid to a local project unless the amount otherwise due or payable is reduced by one-half the amount of reserves outstanding on its books. Also, the budget estimate of \$7,200,000 for the appropriation for payment of Federal contributions has been reduced by the committee to \$2,200,000. The committee recommends that the proper legislative committee undertake a thorough study and review of this entire reserve policy with a view to recommending any legislation which may be necessary to enforce the intent of the Congress in this matter.

Another policy of the FPFA permits local housing projects to make voluntary payments in lieu of taxes in excess of the rate specified in its contract up to 10 percent of what is designated as shelter-rent. This practice, the committee feels to be of doubtful propriety and legality, and it has been provided in the bill that the funds appropriated for contributions cannot be used for payments to local projects making payments in lieu of taxes in excess of the rate specified in the original contract with FPFA. Information regarding payments in lieu of taxes is to be found beginning on pages 202, 232, 252, and 317 of part 2 of the hearings.

Owing to the doubtful legality of the afore-mentioned practices, the committee has imposed a further provision on the funds appropriated for contributions to local housing projects whereby all payments of such funds are subject to audit and final settlement by the Comptroller General of the United States. Heretofore the Comptroller General has not had such power with respect to these contributions and could not hold up payments of doubtful propriety. Any question as to the legality of such payments

will now be resolved by the Comptroller General.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$14,398,532	\$21,093,742
Expenses.....	14,489,678	17,408,444
Retirements of borrowing and capital.....	20,000,000	4,905,019
Total funds applied.....	48,888,210	43,407,205
Funds provided:		
Realization of assets.....	24,853,700	4,718,900
Revenues.....	13,184,773	12,367,274
Borrowings and appropriations.....	8,300,000	23,300,000
Decrease in working capital.....	2,549,737	3,021,031
Total funds provided.....	48,888,210	43,407,205

SUBSISTENCE HOMESTEAD AND GREENTOWNS PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers, and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachments by a Greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. Through June 30, 1946, 1 project of 50 units and 3 individual units had been declared surplus. In addition, 738 individual unit sales had been negotiated. As of July 1, 1946, 14 subsistence homestead projects and 3 greenbelt towns were under direct operation by the Federal Public Housing Authority.

Development of this program was financed from appropriated funds, and assets representing \$65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Expenses.....	\$1,613,200	\$1,476,100
Retirement of borrowings and capital.....	3,202,728	1,686,224
Total funds applied.....	4,815,928	3,162,324
Funds provided:		
Realization of assets.....	1,794,800	1,590,781
Revenue.....	1,749,805	1,490,450
Decrease in working capital.....	1,271,323	81,093
Total funds provided.....	4,815,928	3,162,224

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration. Projects are being sold either as units to individual tenants or in their entirety to tenant homestead associations, depending on whether or not maintenance and operation of community facilities is involved. Sales prices are being determined in conformity with commitments made by the agency of the Federal Government which originally had jurisdiction over these projects, or, in the absence of such commitments, are being based on the fair market value of the property. The terms of the sale provide for repayment of the purchase price over a period not to exceed 40 years, with interest at 3 percent. Advance repayments of the principal are being encouraged. Schools, streets, and other public ways will, where appropriate, be dedicated to local governments. Utility installations and community, commercial, and service facilities now owned by the Federal Government will be disposed of in a manner to assure their continued operation. Land and other properties held in connection with the program and not otherwise being disposed of will be declared surplus to the War Assets Administration as rapidly as possible.

As of June 30, 1946, 3 projects of 605 units had been disposed of, while other projects had been partially disposed of to the extent of 136 units. During fiscal year 1946, lease-purchase contracts were executed for 138 individual units, and 1 project of 50 units, made untenable by floods, was declared surplus. During the fiscal year 1947 it is anticipated that lease and purchase contracts will have been executed for 203 units and 516 units will have been sold. Lease and purchase contracts will be executed for 317 units during the fiscal year 1948, and 46 units will be sold. Dedication of community facilities and public ways is expected to be completed during the fiscal year 1947.

No disposition of housing units of the greentowns is contemplated by the Federal Public Housing Authority during the fiscal year 1948. The committee recommends that the appropriate legislative committee give consideration to reviewing the status of these towns and to possible transfer of the duty of their disposal to another Government agency.

DEPARTMENT OF AGRICULTURE

Federal Farm Mortgage Corporation

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on

real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) to provide funds for making loans to farmers by the land bank commissioner; (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency; and (3) to make loans to joint stock land banks. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time \$2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States. Public Law 505, of July 12, 1946, extended the lending authority of the Corporation to July 1, 1947. New loans to farmers will not be made during the fiscal year 1948 unless the lending authority of the Land Bank Commissioner is extended beyond July 1, 1947 by legislation. It is expected that the activities of the Corporation in 1948 will be restricted to a program of liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$16,187,800	\$25,413,900
Expenses.....	4,661,800	3,303,800
Retirement of borrowings and capital.....	53,214,400	10,490,000
Increase in working capital.....	-----	3,224,900
Total funds applied.....	74,064,000	42,432,600
Funds provided:		
Realization of assets.....	62,236,700	36,262,300
Revenues.....	8,150,200	6,170,300
Decrease in working capital.....	3,677,100	-----
Total funds provided.....	74,064,000	42,432,600

¹ Includes administrative expenses estimated at \$3,235,000, and reduced to \$2,750,000 by committee.

Although no new loans to farmers are contemplated in 1948, it may be necessary for the Corporation to refinance some loans closed in the name of the Land Bank Commissioner prior to July 1, 1947. Such contingencies are not provided for in the 1948 budget.

The earned surplus of the Corporation as of July 1, 1947, is estimated to be \$102,649,340.

Administrative expenses for the fiscal year 1948 were estimated at \$3,235,000. This has been reduced by the committee to \$2,750,000.

Federal intermediate-credit banks

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals

or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate-credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employees, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1946, totaled \$92,376,317. It is expected that this figure will reach \$94,286,617 by June 30, 1948.

During the year ended June 30, 1946, the banks made loans and discounted paper amounting to \$909,298,726 and received repayments of \$877,273,257. For 1947, lending activities are estimated at \$961,574,100, with repayments of \$922,926,900, and for 1948 at \$1,007,341,700, with repayments of \$985,485,800.

As of June 30, 1946, the banks had outstanding unmatured debentures and notes amounting to \$310,895,000 and it is anticipated that these obligations will total \$378,112,000 by June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$969,312,600	\$1,016,341,700
Expenses.....	4,775,400	15,299,500
Retirement of borrowings and distribution of surplus.....	577,325,600	673,536,600
Increase in working capital.....	7,339,400	1,640,900
Total funds applied.....	1,558,753,000	1,696,818,700
Funds provided:		
Realization of assets.....	930,665,500	994,845,800
Revenues.....	6,004,500	6,396,900
Borrowings.....	622,083,000	695,576,000
Total funds provided.....	1,558,753,000	1,696,818,700

¹Includes administrative expenses estimated at \$1,755,000 and reduced to \$1,250,000 by committee.

Administrative expenses for the fiscal year 1948 were estimated at \$1,755,000. This amount has been reduced by the committee to \$1,250,000.

Production-credit corporations

The 12 production-credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production-credit system was an outgrowth of various efforts to cure long-standing weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production-credit associations. The active associations, of which there were 505 on June 30, 1946, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of \$7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of \$120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full \$120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1946, the surplus of all the corporations aggregated \$15,558,370, or 15.4 percent of their paid-in capital. This surplus not only safeguards the paid-in capital against impairment but directly influences the amount of paid-in capital required.

Pursuant to the policy of retiring the capital stock or corporations to the extent feasible, repayments were made to the revolving fund in the United States Treasury in the sum of \$5,000,000 in April 1944, \$6,700,000 in April 1945, and \$7,050,000 in May 1946. On June 30, 1946, the aggregate paid-in capital of the corporations was \$101,250,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure.

Because of the anticipated continued improvement in the financial condition of the production credit associations through 1948, it is estimated that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from \$95,950,000 to \$91,150,000 and thereby return \$4,800,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$8,558,500	\$7,876,700
Expenses.....	1,650,000	1,702,000
Retirement of capital.....	5,300,000	4,800,000
Total funds applied.....	15,508,500	14,378,700
Funds provided:		
Realization of assets.....	13,676,700	12,478,300
Revenues.....	1,806,800	1,792,300
Decrease in working capital.....	25,000	108,100
Total funds provided.....	15,508,500	14,378,700

¹Includes administrative expenses estimated at \$1,702,000 and reduced to \$1,600,000 by committee.

The local associations have used accumulated reserves to reduce materially the investment of production credit corporations in their capital stock. As of January 1, 1947, 12 production credit associations, having \$50,000 or less of their stock owned by production credit corporations, had fully returned such investment. The rapidity with which the total investment of this nature can be eliminated is affected by the volume of farmers' income generally. The estimate of \$1,702,000 for administrative expenses in 1948 has been reduced by the committee to \$1,600,000.

Regional Agricultural Credit Corporation

Following an extreme credit stringency during 1930-31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financ-

ing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural credit corporation in any Federal land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal land-bank district, were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from \$44,500,000 in 1933 to \$100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of \$22,00,000, consisting of various amounts paid in by the United States. There is a current deficit of approximately \$7,700,000.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,766,000	\$1,685,000
Expenses.....	341,500	1300,200
Increase in working capital.....	834,673	
Total funds applied.....	2,942,173	1,985,200
Funds provided:		
Realization of assets.....	2,491,773	1,612,000
Revenues.....	118,400	88,300
Capital and surplus subscriptions.....	332,000	
Decrease in working capital.....		284,900
Total funds provided.....	2,942,173	1,985,200

¹Includes administrative expenses estimated at \$300,000, and reduced to \$200,000 by committee.

Administrative expenses, estimated in the budget program at \$300,000, for 1948 have been reduced to \$200,000 by the committee.

DEPARTMENT OF STATE

Office of Inter-American Affairs

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Prior to the fiscal year 1947, funds were provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1948 budgets represent depletion of capital.

Only two of the corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, will be operating actively in 1948 and the programs of both will be completed during the fiscal year 1949.

The committee has approved the budget estimate of funds to be appropriated for 1948, amounting to \$7,000,000 for the Institute of Inter-American Affairs and \$1,115,000 for the Inter-American Educational Foundation, which funds are for the payment of obligations authorized by law. Administrative expenses have been reduced from the estimate of \$788,000 to \$550,000 for the Institute of Inter-American Affairs. The estimate of \$400,000 for administrative expenses of the Inter-American Educational Foundation, Inc., has been reduced to \$250,000 in the bill.

The Institute of Inter-American Transportation and Prencinradio, Inc., are presently in the process of dissolution. The committee has provided that under the head of administrative expenses funds shall be available only for payment of terminal leave. Provision has also been made that such administrative duties and responsibilities as may be necessary during the course of dissolution are to be assumed by such officers and employees of the Department of State as the Secretary of State may designate and that such persons are not to be paid salaries additional to their departmental pay. A provision has also been included in the bill directing that final dissolution and liquidation of these Corporations is to be carried out as rapidly as practicable.

The Inter-American Navigation Corporation is completely liquidated.

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948

INSTITUTE OF INTER-AMERICAN AFFAIRS

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets.....	\$1,557	\$342
Expenses.....	9,118,516	16,929,252
Increase in working capital.....		245,406
Total funds applied.....	9,120,073	7,175,000
Funds provided:		
Contributions and reimbursable operations.....	363,927	175,000
Appropriations.....	3,736,892	7,000,000
Decrease in working capital.....	5,019,264	
Total funds provided.....	9,120,073	7,175,000

INTER-AMERICAN EDUCATIONAL FOUNDATION, INC.

Funds applied:		
Acquisition of assets.....	\$33,000	\$9,600
Expenses.....	1,913,191	1,565,730
Total funds applied.....	1,946,791	1,575,330
Funds provided:		
Contributions from other American Republics.....	170,769	141,338
Appropriations.....	1,083,577	1,115,000
Decrease in working capital.....	692,445	318,992
Total funds provided.....	1,946,791	1,575,330

INSTITUTE OF INTER-AMERICAN TRANSPORTATION

Funds applied:		
Acquisition of assets.....	\$300	\$100
Expenses.....	290,046	15,700
Retirement of borrowings and capital.....	200,000	
Total funds applied.....	490,346	15,800
Funds provided:		
Realization of assets.....	5,583	
Decrease in working capital.....	484,763	15,800
Total funds applied.....	490,346	15,800

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948—Continued

PRENCINRADIO, INC.

	1947, estimated	1948, estimated
Funds applied:		
Expenses.....	\$30,464	\$21,487
Retirement of borrowings and capital.....	88,125	
Total funds applied.....	118,589	21,487
Funds provided:		
Realization of assets.....	87,125	16,786
Revenue.....	1,460	176
Decrease in working capital.....	30,004	4,525
Total funds provided.....	118,589	21,487

¹ Includes administrative expenses estimated at \$783,000 and reduced to \$550,000 by committee.

² Includes administrative expenses estimated at \$400,000 and reduced to \$250,000 by committee.

³ Amount estimated for administrative expenses. Reduced by committee to \$3,000 and limited to payment of terminal leave only.

⁴ Includes administrative expenses estimated at \$8,850, and reduced by committee to \$2,000 for payment of terminal leave only.

AMENDMENT OF SECTION 104 OF THE GOVERNMENT CORPORATION CONTROL ACT

Section 104 of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads:

"Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations."

In reporting H. R. 3660, which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement (H. Rept. 856, 79th Cong., p. 12) in explaining the procedure to be followed under section 104:

"It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved by the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government."

The Senate committee in reporting the same bill after its passage by the House (S. Rept. 694, 79th Cong., p. 5) made the following statement:

"The Congress will consider these budget programs and enact legislation making available such funds or other financial resources, with such directives and limitations, as it may deem necessary. In this manner Congress will for the first time have a systematic procedure for annually scrutinizing

and passing upon the budgets of the Government corporations as it now does for the regular agencies of the Government."

The language of section 104, as it has been interpreted, leaves substantial doubt of the authority of the Committee on Appropriations to report to the House limitations on the activities and programs of the Government corporations, so the committee has included in the bill, for consideration by the House, a redraft of section 104 which will clarify the situation and put the Congress, in consideration of the annual budgets of the corporations, in position to place such limitations on the use of corporate funds as may be necessary to carry out the will of the Congress. It is not the committee's purpose or desire to go beyond the intention of the committees which wrote the original legislation as expressed in their reports quoted above. The committee does believe, however, that in view of the interpretations which have been placed on section 104, it is necessary to amend the section if it is to give effect to the intention of the act. Consideration of two annual budgets of the corporations brings the Committee on Appropriations to the conclusion that an annual review of the fiscal activities of the corporations is just as important as an annual review of the fiscal activities of administrative agencies. To elude a Government corporation with broad powers extending over a long period of years is to place that corporation in position to carry on activities to a degree and in a manner not consonant with the general condition of the Federal finances and which may be entirely out of tune with the policies of the Congress. The Congress is the policy-making branch of the Government and, as such, cannot delegate that power unrestricted over a long period of time without surrendering an important function necessary to be retained if the Congress is to give the kind of attention to the people's business which the Constitution contemplates.

The Federal Treasury is no bottomless pit, and the present staggering debt, \$258,000,000,000, makes it imperative that the Congress keep within its immediate control on a year-to-year basis all possible drains on the Treasury. To distinguish between administrative agencies for which direct appropriations are made annually and the corporations which are said to operate on their own funds but which in reality acquire those funds by drawing on the Treasury of the United States and to permit such corporations to draw on the public purse ad libitum is, in the judgment of the committee, somewhat illogical. A Government corporation is a Government agency, and if Government agencies should be restricted in their use of Federal funds, then the corporations cannot be left out of control.

MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

The requirements of the Government Corporations Control Act for the submission of annual budgets are applicable to wholly owned Government corporations only. There are certain of the so-called mixed-ownership Government corporations (that is, corporations the stock of which is partially owned by the Government and partially owned by other interests) which, in the judgment of the committee, should be subjected to the same degree of control as the wholly owned Government corporations. The Government's financial stake in them is such that to leave them free of this control is to leave a large segment of the Government's business interests (which could result in heavy drains on the public purse) without the close supervision of the Congress, which can only be obtained through annual budget review.

Therefore the committee has included, as section 308 of the bill, an amendment to section 101 of the Government Corporations Control Act to provide for the submission of annual budgets by (1) the Central Bank for

Cooperatives and the Regional Banks for Cooperatives, (2) Federal Home Loan banks, and (3) the Federal Deposit Insurance Corporation.

Compliance with clause 2a of rule xiii

The following is submitted in compliance with clause 2a of rule XIII:

EXISTING LAW

Section 104 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act): "Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations."

IN PENDING BILL

Section 307 of the accompanying bill: "Sec. 307. Section 104 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended to read as follows: "Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. Except as provided in such legislation, the provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this sec-

EXISTING LAW

Section 101 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act): "Sec. 101. As used in this act the term 'wholly owned Government corporation' means the Commodity Credit Corporation; Federal Intermediate Credit Banks; Production Credit Corporations, Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corpora-

IN PENDING BILL

tion shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations, as such authority may be necessary to the execution of an approved budget program."

Section 308 of the accompanying bill: "Sec. 308. Section 101 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed-ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation."

EXISTING LAW

ration; Inland Waterways Corporation; Warrior River Terminal Company; The Virgin Islands Company; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Preclinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or United States Housing Authority) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Panama Railroad Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated."

IN PENDING BILL

Comparison of appropriations for 1947, estimates for 1948, and amounts carried in the bill for 1948

Agency	Appropriations, 1947	Budget estimates, 1948	Recommended in bill, 1948	Increase (+) or decrease (-), bill compared with 1947 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1948
Tennessee Valley Authority.....	\$39,906,000	\$27,057,500	\$22,143,500	-\$17,762,500	-\$4,914,000
Housing Expediter.....	² 6,457,500	7,765,000	3,539,080	-2,918,420	-4,225,920
National Housing Agency:					
Office of the Administrator.....	(³ 5)	(⁴)	100,000	+100,000	+100,000
Federal Public Housing Authority.....	8,300,000	7,200,000	2,200,000	-6,100,000	-5,000,000
Department of State:					
Institute of Inter-American Affairs.....	3,456,710	7,000,000	7,000,000	+3,543,290	-----
Inter-American Educational Foundation, Inc.....	1,083,577	1,115,000	1,115,000	+31,423	-----
Total.....	59,203,787	50,137,500	36,097,580	-23,106,207	-14,039,920

¹ Exclusive of \$15,552,654 unexpended balance of 1947 appropriation continued available in 1948.

² Received by transfer from "Salaries and expenses, Office of the Administrator and Expediter, National Housing Agency."

³ Salaries and expenses in 1947 were obtained by transfer from constituent units of the National Housing Agency, in estimated amount of \$745,500.

⁴ Budget contemplated transfer of salaries and expenses from constituent units of National Housing Agency in estimated amount of \$1,215,000.

⁵ Represents 5½ months from Jan. 11, 1947 (the effective date of Executive Order 9820), to June 30, 1947.

Administrative expenses

[Limitations on amounts of corporate funds to be expended]

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Export-Import Bank.....	\$780,000	\$842,000	\$800,000	+\$20,000	-\$42,000
Panama Railroad Company.....	760,000	779,700	750,000	-10,000	-29,700
Tennessee Valley Association Co-ops.....	2,500	2,500	2,500		
National Housing Agency:					
Federal Home Loan Bank Administration.....	1,641,000	1,965,000	1,250,000	-391,000	-715,000
Federal Savings and Loan Insurance Corporation.....	550,000	670,000	532,000	-18,000	-138,000
Home Owners' Loan Corporation.....	4,650,000	3,723,000	3,000,000	-1,650,000	-723,000
Federal Housing Administration.....	17,624,000	24,000,000	17,624,000		-6,376,000
Federal Public Housing Authority.....	19,900,000	15,600,000	10,400,000	-9,500,000	-5,200,000
Defense Homes Corporation.....	106,400	12,300	23,000	-103,400	-9,300
Department of Agriculture:					
Federal Farm Mortgage Corporation.....	4,050,000	3,235,000	2,750,000	-1,300,000	-485,000
Federal Intermediate Credit Banks.....	1,585,000	1,755,000	1,250,000	-335,000	-505,000
Production credit corporations.....	1,650,000	1,702,000	1,600,000	-50,000	-102,000
Regional Agricultural Credit Corporation.....	341,000	300,000	200,000	-141,000	-100,000
Department of Commerce:					
Inland Waterways Corporation.....	640,000	418,100	418,100	-221,900	
Warrior River Terminal Company.....	20,200	20,100	20,100	-100	
Department of the Interior: Virgin Islands Company.....	20,000	20,000	20,000		
Department of Justice: Federal Prison Industries, Inc.....	268,826	240,000	225,000	-43,826	-15,000
Department of State:					
Institute of Inter-American Affairs.....	774,400	788,000	550,000	-224,400	-238,000
Institute of Inter-American Transportation.....	50,500	15,700	23,000	-47,500	-12,700
Inter-American Educational Foundation.....	365,000	400,000	250,000	-115,000	-150,000
Prencinradio, Inc.....	11,000	8,850	22,000	-9,000	-6,850
Total.....	55,789,826	56,497,250	41,649,700	-14,140,126	-14,847,550

¹ For administrative expenses related to liquidation.² For payment of terminal leave only.

Mr. WHITTEN. Mr. Chairman, I yield myself 10 minutes.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. I do not want to interrupt the gentleman's remarks, but I had hoped to ask the gentleman who immediately preceded the gentleman from Mississippi just what recommendation the committee is making on the Inland Waterways Corporation.

Mr. WHITTEN. It is following the report of the Committee on Small Business, which made the investigation. In effect, it amounts to this: The committee declares that the Inland Waterways Corporation should be operated by the Government but only so long as it may be necessary to get private interests to take it over and give assurance that they will carry on in the same way and give the same service as the Federal Government has done. As far as I know, there is no opposition from any side to that position. All of us would prefer that private enterprise rather than the Federal Government operate it, but if the Federal Government does have to operate it to insure the same service, then I do not know of anyone who is opposed to a continuance of its operation by the Federal Government.

Mr. Chairman, much discussion has been had here today with regard to the Tennessee Valley Authority. Sometimes being on a committee charges you with lots of responsibility you would not have if you were not on the committee. Frankly, I do not think there is anyone in the Congress who has any more interest in the operations of the Tennessee Valley Authority than I have. I know of no one who has any higher regard for the splendid job the people who are running it have done in its operation. I realize there are others in the Congress who are not believers in this Authority or that method of meeting the problems of the

people of the Nation. There are members of this committee who are opposed to the creation of such authorities, but be it said for the members of the committee who are opposed to this type of approach that they have recognized that it is in operation and that it is a creature of law, that it has authority under the basic law, the legislative act which set it up. Recognizing that, they have cooperated with those others of us on the committee in an effort to work out a plan whereby the TVA could carry out its real responsibility in the Tennessee Valley area and continue to be the great organization it is.

This repayment plan that is provided in this bill, frankly is legislation. I doubt that I would have written it into the basic law. It is an amendment to the Tennessee Valley Act. There are many things in this bill that, if left to me, would not be as they are in the bill, but there are many things that except for the efforts of the majority and the minority to formulate a plan on a workable basis for the continued operations of these corporations would have been much worse than they are under this bill.

The Tennessee Valley Authority recognizes that it is to its interest and to the interest of those in other great river valleys of the country that the TVA amortize the investment in it and that the money be returned to the Federal Government on a workable, satisfactory basis. The bill provides that the TVA shall repay to the Federal Government each year \$2,500,000, which it owes on its bonds, and in addition thereto shall pay annually not less than 40 percent of its net profit thereafter. The remainder, as authorized under the basic law creating the TVA, can be used for the improvement of its capital plant. This means that at the end of any period the Federal Government will have a more valuable plant. It also means that so far as the money that was put up by the Federal Government is concerned, it will be returned.

I should like to point out that each year the Tennessee Valley Authority will submit to the Congress its budget, it will show its net earnings, it will show to this committee and through the committee to the Congress how much money it has in its hands and can repay. May I point out also that next year they are repaying under the budget estimate \$10,500,000 out of an estimated net profit of \$20,000,000. May I also point out that as a protective feature, to see that the TVA is not crippled in any one year, it is provided that these funds must be paid by July 1, 1948, which means that if they should have a dry year and should not be able to make a sufficient profit, to maintain its operations and make payments, which we are glad to say they have made through the years up to this point, it would carry them to the point where the Congress would be in session and relief could be granted if need be.

We have tried, as friends of the TVA, to work out a plan with the majority of the committee. They yielded to that extent. At first some members thought that there should be a minimum payment each year. You can recognize that in some years of drought when the TVA would have to buy large quantities of coal that in such years they might not be able to make any certain definite payment. So the plan of a percentage payment was worked out.

To those Members of the Congress who do not believe in the TVA approach to meeting national problems and who are opposed to the creation of such authorities, I point out that this is an authority which is created by law and is now in operation. It is a stupendous operation. You should be for this repayment.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RANKIN. Does my colleague think that this bill is in any way injurious to the Tennessee Valley Authority?

Mr. WHITTEN. I certainly do not. I believe it is also to the interests of those

who believe in this type of operation because if we handle this on a sound basis and if they do repay to the Federal Government as they indicate they should and would like to and carry this on a business basis, there is a much better chance for the same type of operation to spread over the great river valleys of this country. To those who are opposed to this type of operation I would say that certainly you cannot be opposed to what the committee has done here, which is to provide for the repayment of the money that the Government has spent, which is that much more than is set out in basic legislation setting up the authority.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. MILLER of Nebraska. Did the committee take into consideration the fact that the TVA and other Government organizations that now own property might have to pay a greater amount of money than they now pay in lieu of taxes and that, therefore, they might not be able to meet this repayment program that has been set up?

Mr. WHITTEN. The repayment program, if you will read it, provides for a minimum charge based on net profit. So if they have no net profit, you can immediately see that they are not required to meet the payments. But for each year of their operation they have had profits, and we can easily anticipate that they will continue to have them, and having it on the basis of their net earnings, in my judgment, would not cripple the TVA.

Mr. MILLER of Nebraska. The reason I say that is the Committee on Public Lands is holding hearings on how much money Government agencies should pay in lieu of taxes. The gentleman from North Carolina testified before our committee to the effect that the TVA was paying in lieu of taxes on property which it owned in the State of North Carolina at the rate of 12 cents per \$100, while taxation on other property was at the rate of \$1.32 per \$100, and if they were paying the same rate as other groups were paying in lieu of taxes, perhaps they would not have sufficient funds to make the repayments as provided by the committee.

Mr. WHITTEN. I am sorry I cannot answer the gentleman in detail with reference to that matter for the reason that we have not gone into that subject matter. I would like to point out again that this is an appropriation bill. Those who spoke against the rule rather complained about the fact that we were going beyond the jurisdiction of the Committee on Appropriations and to some extent we are. But I am vitally interested in the point the gentleman raises. I believe the Federal Government owns entirely too much land throughout the country and some relief should be granted. But this committee, with regard to the repayment of funds invested thought it was to the interest of the TVA and of the Nation to work this out on a workable basis and insofar as that provision is concerned there is an encroachment on the jurisdiction of the legislative committee.

When you get into all these related and kindred problems, certainly they should go to the legislative committees rather than to the Committee on Appropriations.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. SCHWABE of Oklahoma. Is it not a fact that the subject matter under consideration, namely, the amortization of the investment in TVA power, was taken up with the TVA authorities, and we attempted to work out a program so that it would not cripple TVA in its functions and operations.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTEN] has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself five additional minutes.

I may say in that regard that this repayment provision as set out here was not sponsored by the TVA. Last year, at that time the committee—incidentally, under Democratic control—requested in its report that the TVA submit a plan for repayment. The particular plan that is evolved here, I would not want to charge as having been offered by the TVA. But I say, in all fairness to the majority members of this committee, that every effort was made to handle this matter in such a way as not to cripple the operations of the TVA. This action indicates that. While I would not want to take the responsibility for saying it has been approved by TVA, certain modifications were made in the original suggestion of majority members to eliminate what was thought by the TVA to possibly be crippling in effect.

Mr. SCHWABE of Oklahoma. But with the full knowledge of the TVA and to the extent that the committee thought they had obtained from the TVA authorities their judgment that it would not cripple the functions of the TVA?

Mr. WHITTEN. That is correct.

Now, again I would like to say that when you get the Federal Government operating through corporations, the very fact of having corporations is so that they can operate in a corporate way. There are many provisions in this bill which, if my judgment had been prevailing in the committee, I would not have made. But when the majority members agreed to go along and protect the right of the corporation to operate in a corporate way, it was my judgment that then I could agree, even though there might be some difference of opinion as to certain cuts in administrative expenses.

This bill is the composite judgment of the members of the committee. There are numerous other subjects carried in the bill. Time will not permit me to discuss them in detail.

With regard to the various corporations operating in the South American and Central American republics, all of the appropriations here are required under prior commitments. The committee only carried on those activities which the Government was committed to, and we provide the funds to carry out those essential activities. The Panama Railroad operates a business. We tried to

give them sufficient money to run it in a businesslike way.

Then we come to the field of housing. There are several things that are hard to take, but if anybody will read the hearings before this committee, including the report of the investigators of the Appropriations Committee, you can clearly see why it was that this committee took the action it did with regard to the Federal Housing Administration.

I ask any of you, when you get letters and telegrams from back home, to read volume 2 of the hearings before this committee before you answer them, and you will clearly see why the committee took the action it did.

With regard to the Expediter's office, I, together with others, have in times past voted to continue that office, not so much in the belief that it would lead to correction of the deplorable housing situation but in the hope that it would lead to an improvement of the housing situation. We have tried to operate under this set-up and it has not worked, and the Expediter, recognizing this, has from week to week relaxed control of materials because he could see that the enforcement of it had clearly broken down. When the OPA ended, people over the country in many cases thought that ended all control of materials. The Expediter's office for months has permitted any individual to buy all the critical materials they could and pile them up on a vacant lot, and the CPA would merely reserve the right to withhold a permit to build. Of course, you cannot do anything to improve housing along that line and in that way.

Personally I felt that regardless of the high hopes of the administration and of the friends of housing and those who want to increase veterans' housing—and I think you are bound to reach the same conclusion—that much as they have tried, hard as they have tried and as much money as the Congress has appropriated, it has failed; and to follow the plans of the Expediter's office to let this agency go forward for 6 months longer is just needlessly dragging out that which is no longer doing any good. The Democrats did that with the OPA, over my vote, I might say, and it did the country no good and the party no good.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself two additional minutes.

I believe that with regard to housing we must make some new approach because that which has been made had not worked out. That was the conclusion of the committee in regulating the expenditures. Further, in regard to the FPHA, if you want to understand the basis for the committee action, read volume 2 of the hearings.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Mississippi yields back 1 minute.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Chairman, I have listened with a great deal of interest to the statements of the chairman of the subcommittee and to my col-

league the gentleman from Mississippi [Mr. WHITTEN] and others. I am certain that they have the best of intentions of working out an acceptable arrangement whereby this investment can be amortized over a period of 40 years. Certainly no one ever had any intention that the investment should not be repaid at some time to the Federal Government. However, the plan in this bill is unfair and unsound as I shall point out.

Under the appropriation bill TVA would be required to pay each year as a minimum two and one-half million dollars for bond retirement, plus 40 percent of the balance of its net income. These payments are required to aggregate within the next 40 years \$348,239,240, the net amount which has heretofore been invested by the Treasury in TVA power facilities. Any additional appropriations for power facilities are to be amortized in a 40-year period.

These amortization requirements are wholly unnecessary. Under the existing act TVA is required to pay into the Treasury all of its net proceeds not required for conducting its business operations. It cannot divert its proceeds to any other purpose. Without benefit of any compulsory minimum payment requirements TVA, in the last 2 years, has made payments in substantially the amounts which would have been required under the provisions of the bill. In fact, the requirements of the bill are ostensibly based upon TVA's own estimates for the future. However, its effect is to impose a fixed obligation upon the operations which will seriously impair TVA's ability to meet its requirements for expansion in years of unusually high capital requirements. The bill puts TVA in a financial strait-jacket, without securing any assurance thereby that the net amount of Treasury funds invested as of any time will be a single dollar less than would be the case under existing law. On the contrary, by preventing TVA from making expenditures when required in the interest of sound business discretion, the probability is that over the long run TVA will lose opportunities for new business and will be required to make capital expenditures on the basis of low initial cost at the expense of long-term economy. This shortsighted attitude is harmful to TVA, the Tennessee Valley and the power consumers dependent upon TVA, and bad for the United States Treasury.

Congress has given TVA an important responsibility to perform in building up the wealth and resources of the Tennessee Valley area. It must be remembered that as to the power program Congress has applied a double test of TVA performance, not only that it shall operate in the black, but also that it shall operate for the benefit of the people of the valley, that the power from the river projects shall be widely distributed at the lowest possible rates consistent with recovery of cost. The harmonizing of these two requirements, so that neither of them shall be submerged or disregarded, requires a considerable degree of financial latitude from year to year. The bill almost completely ignores the

primary responsibility of TVA to contribute to the progress of the Tennessee Valley area. Large fixed payments must be made, regardless of the effect on TVA's ability to fulfill its functions. Congress thus necessarily prejudices the ability of TVA to carry out the governmental program established by the TVA act. There is no necessary conflict between the two requirements, as Congress recognized from the beginning, and as TVA has already demonstrated. TVA can meet both the program and financial tests, if Congress will continue to provide a suitable legislative framework. In the present bill, however, Congress has shortsightedly emphasized the immediate dollar returns, without long-term financial advantage to the Government, and at the expense of program accomplishments.

The 40 percent of net income requirement, together with the requirement that TVA retire its bonds at the rate of not less than \$2,500,000 per year, would mean that the actual percentage of net revenues which TVA is required to pay into the Treasury, in the form of bond retirements or as direct cash dividends, would be substantially in excess of 40 percent. With a net income of \$20,000,000, as in fiscal 1947, TVA would be required to pay over nine and one-half million into the Treasury, or 47½ percent. If 1947 had been a year of low stream flows, the income could be as little as \$5,000,000, in which case the bill would require total payments of \$3,500,000, or 70 percent. With a net income of \$15,000,000 the bill would require payment of \$7,500,000, or 50 percent. These figures show the extent to which Congress has deprived TVA of the money which in some years may be necessary to carry on its business.

The requirements of the bill are far more strict than the committee can justify on any theory. In the hearings, the subcommittee chairman recognized the need for flexibility by suggesting an amortization schedule on a 10-year basis so that the payments into the Treasury could fluctuate from year to year as long as the 10-year payment requirement was met. This flexibility has somehow been lost in the drafting of the bill. In addition to the requirement that TVA pay off a quarter of the power investment in 10 years, under the bill as now written TVA must pay more than 40 percent of its net income in every year. The committee apparently has forgotten that the requirements for new investment will fluctuate within wide limits. It has put TVA in a position where it may not be able to meet its capital requirements in some years even though it may be fully able to pay off the prescribed 10-year amount if it were in position to average the payments in years of low capital requirements with those in years of high capital requirements.

If in years of low capital requirements TVA pays more than the minimums, it must nevertheless pay the minimum amounts in years of heavy capital requirements, so that the average payments are bound to be even higher than those mentioned. Moreover, the largest payments would be made in the first 23

years, when TVA is retiring its bonds, thereafter, the minimum annual rate would drop to a straight 40 percent. It makes no sense to impose heavier burdens on income in the early years of an enterprise, which are characterized by high capital requirements for expansion, than in the later years, when a larger proportion of net income could be used for cash dividends without crippling effect.

There is no justification for basing an amortization schedule for a hydroelectric system on a period as short as 40 years. The dams themselves are virtually geologic structures which will last as long as the hills in which they have been imbedded. The amortization period should not be shorter than the composite life of the major elements of the property, which is 55-60 years. Even these figures are conservative because they involve establishing an arbitrary service life of 100 years for the dams themselves.

In connection with the investment it should be pointed out that a great many of these dams which were built were constructed for war purposes, for the furnishing of power for the quick production of aluminum at Alcoa and for the atomic energy plant at Oak Ridge and that except for the war they would not have been built at that time and would not have been built as rapidly as they were and probably could have been built less expensively. I think the Members of the House ought to know as it has been demonstrated everywhere that things that are built for war purposes or things done for war purposes are usually forever lost for any other use. They have little salvage value. These dams are also included in the amount of the investment that is amortized and is to be paid off.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. PLOESER. The gentleman does not mean to say that these dams are now lost and cannot be used any more.

Mr. KEFAUVER. No, indeed, they are good dams. My point was that they were built to meet the war needs of that particular time.

Mr. PLOESER. Does the gentleman realize that construction costs are just as high now if not higher than they were then?

Mr. KEFAUVER. Yes. I am just pointing out the great value of these dams to the war effort, but that in spite of this they are also included in the amortization program.

The two great fears I have about this legislation, to be very frank about it, is that if section 26 of the TVA Act is amended by legislation in an appropriation act, then under the rules of the Senate it can be further amended by a simple majority in the Senate; whereas, if there is no legislation in an appropriation bill on section 26 then it would take a two-thirds vote to include legislation in the other body. We all know, of course, the difficult experiences we have had with section 26 with the Senate in the years past.

There are one or two things about legislation on the TVA Act which I wish

to discuss. I would like to call the attention of the chairman of the subcommittee to the first paragraph on page 9 reading:

None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power-producing projects (except for replacement purposes) unless and until approved by act of Congress.

The interpretation I would put on that, and I am sure that is the interpretation of the subcommittee, is that before beginning any new dam or constructing any new steam plant there would have to be a specific authorization from the Congress. That has been the procedure all along. However, I would not want that language construed as preventing the Tennessee Valley Authority from buying a generator, which would be a new generator, and placing it in some of the stalls they already have where they can use additional generators; also if it is necessary to build a distribution place or power line or if it is necessary to make some addition to a dam that is already in existence, raise it or do something with it, I would dislike to see an interpretation placed upon that language that that could not be done without specific authorization from the Congress.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Tennessee.

Mr. GORE. I think I can give the gentleman some history of that particular provision which will reveal quite clearly that the intent of the provision is not what the gentleman entertains the apprehension it might be. As the bill was first drafted, the word "project" was "facility." I persuaded the subcommittee to change the word "facility" to "project" for the specific reason that a facility might be interpreted to be a much smaller installation, not only a generator but a small part of a generator. By the word "project," I think it is clear that the committee intends, and I believe it to be the legislative intent that it applies only to new multipurpose dams, or a hydroelectric dam or a major steam plant. It is not the intent, as I understand the committee, nor is it the intent of the language nor the portent of that language, that it would be restrictive of the smaller items such as generators, substations, transmission facilities, and other such operative facilities.

Mr. KEFAUVER. May I ask the gentleman from Tennessee, also the gentleman from Iowa, and the gentleman from Missouri if they do not think, however, that the language in parenthesis in line 5 "except for replacement purposes" somewhat negatives the general idea that has been expressed by the gentleman from Tennessee? I am afraid that the language "except for replacement purposes" might mean they could not put in a new generator unless there had already been a generator at that particular place. In carrying out what the gentleman says is the intent of the committee, and I wish also that a mem-

ber of the majority would express themselves about it, I wonder if it would not be better to strike out the language in parentheses?

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WHITTEN. Mr. Chairman, I yield the gentleman one additional minute.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Missouri.

Mr. PLOESER. I see no reason for any such amendment. I think the gentleman from Tennessee [Mr. GORE] has expressed the committee's intent. The language is rather explicit. "Except for replacement purposes" means maintenance or replacement of facilities that are necessary, or the replacement of machinery which has already been arranged for, not projects. I see no need for the amendment.

Mr. KEFAUVER. For instance, if a generator had not been in some place where there is a place for a generator in a hydroelectric plant, the gentleman does not think that language would prevent them from buying a new generator for a stall that is already there?

(Mr. KEFAUVER asked and was given permission to revise and extend his remarks.)

Mr. POULSON. I also hope that this language does not hamper the management of TVA. I am glad to have the distinguished representative of Tennessee call the House's attention to the possible danger of the misinterpretation of the wording in this bill. I respect his legal opinion and furthermore have always considered the gentleman from Tennessee [Mr. KEFAUVER] one of TVA's most persistent and able champions.

Mr. WHITTEN. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, I will confine my remarks at this time to the TVA as it is affected by this bill.

To begin with, Mr. Chairman, the TVA is of vast and vital importance to the people I am privileged and honored to represent, but it is far bigger than that. It is of vast importance to all people of the United States; indeed, the TVA, the largest integrated operating utility in the world, is owned by the people of the United States. In it the people have a huge investment—an investment that already has paid attractive dividends and which, I am confident, will continue to be both a profitable and beneficial investment from a narrow dollar-and-cents basis, as well as from a broader viewpoint.

Where are those detractors and doubting Thomases who said that the program would be a failure, that by making appropriations for the TVA we were pouring the people's money down a rat hole? The record belies their calamitous predictions.

What is the record of the TVA? It is first and foremost a record of efficiency, honesty, and fiscal soundness that has been eminently successful.

This agency has been investigated and its accounts audited time after time. No

congressional committee or official agency has yet found reason to point a finger of accusation or suspicion at the TVA. It was just last March 17 that the Comptroller General of the United States, our former colleague, Lindsay C. Warren, submitted to the Congress an audit and examination of the Tennessee Valley Authority. I would like to quote from page 7 of his report:

In our opinion, TVA's accounts generally are well conceived, supervised, and maintained, and the Authority is to be commended as one of the foremost Government corporations in the use of accounting in management, comparing quite favorably in this respect with well-managed private corporations.

Insofar as we are qualified to make general observations regarding the character of the management of TVA, and insofar as covered within the scope of our audit, we believe that the management is entitled to the highest commendation for the effectiveness with which the Authority functions and for its accomplishments in carrying out the objectives of the TVA Act.

Let us first examine the record of the TVA power program from a strictly dollar and cent investment standpoint. Through the present fiscal year, the TVA power program will have earned a net income, or profit, of \$96,563,428, after depreciation. Of this amount \$8,527,500 has been used—or by the end of this week will be—to retire TVA bonds which were held by the Treasury and the RFC. Fifteen million fifty-nine thousand and nineteen dollars has been repaid in cash into the general fund of the United States Treasury, plus \$5,225,130 paid as interest on bonds. The remainder of net income from power, plus depreciation has been used in the improvements of and additions to TVA power facilities, thereby increasing not only the real and book value of the facility, now a going concern, but increasing, too, the earning capacity of the utility, as has been shown by the rapid accretion in net income earned annually from operations. As a matter of fact, practically one-fourth of the TVA investment in completed power-plant facilities is now represented by earnings by the system itself. This is calculated on actual costs of the power plant now in service, less depreciation, and without regard to higher present-day values and replacement costs. The accumulated earnings of the power program from 1940 to the end of this fiscal year are as follows:

1940.....	\$6,000,000
1941.....	13,000,000
1942.....	17,000,000
1943.....	29,000,000
1944.....	41,000,000
1945.....	59,000,000
1946.....	76,000,000
1947.....	97,000,000

Sufficient is now known of the present fiscal year operation to show that the TVA will have a net income from its power operations of \$20,000,000. It can be seen from the budget submitted by the President that it was anticipated that the TVA would first retire \$2,500,000 of its outstanding bonds and, in addition, out of all its proceeds, would pay \$8,000,000 into the Treasury in accordance with section 26 of the TVA Act.

So you see, Mr. Chairman, that TVA should be operated profitably and make

systematic repayments to the Treasury is not an innovation—not even a new idea. Indeed, it has always been my understanding that the power program of the TVA, once it was a going operating concern, would operate on a business-like basis and would not only pay its way, but reimburse the Treasury for the moneys appropriated for the power program to the end that eventually the people would be reimbursed for their investment, and that they would still own, free of debt, a going concern from which they could expect continued revenue. That is still my conception of the TVA.

Therefore, Mr. Chairman, I think it is entirely unnecessary to write into law a fixed amortization plan. In the committee, I resisted the inclusion of legislation in this appropriation bill, and I regret that the committee decided to do so against my will. The committee having made that decision, I then undertook, as best I could, to work with the committee to the end that nothing seriously harmful to the TVA would be recommended to the House for passage in this bill.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Chairman, I yield three additional minutes to the gentleman from Tennessee.

Mr. GORE. What is the amortization plan provided in the bill to begin with? Is it a 40-year period as pointed out here with the requirement that each annual payment must come from the net income of the preceding fiscal year.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. WHITTEN. We have said to the credit of the majority of this committee, it having been determined to include this legislation in this bill that they also cooperated with the gentleman from Tennessee and myself in modifying any plan to the extent of not crippling the operation of the TVA though in some instances they had no particular regard or did not particularly like that type of operation in Government.

Mr. GORE. I agree with the statement of the distinguished and able gentleman from Mississippi, and although I do not see the necessity of writing this kind of thing in the bill and although I am going to support it with reluctance, I think it is fair to say that the proponent of the bill, the distinguished gentleman from Ohio, the lovable chairman of this committee, has no intention in his heart or any desire to destroy the TVA, and I must say in all frankness that I do not share the views of those who think it will destroy the TVA.

Mr. WHITTEN. I may say further for the chairman of this committee and other members that they made every effort to see insofar as they could that this was placed on a business basis and cooperated fully in their efforts to modify to any extent that might be necessary to protect the operations of this authority so long as it has been created by law and is a tremendous operation and working very well.

Mr. GORE. I thank the able gentleman. As he pointed out earlier in the debate, at first the proposal was that a fixed dollar repayment would be re-

quired each year. That would have allowed for no flexibility. The majority of the committee yielded on that upon the solicitation of the gentleman from Mississippi and myself to put it on a basis of percentage of net income.

What is the amortization plan written into this bill? To begin with, the bill requires that the Government's present investment in the TVA power program shall be repaid to the Treasury within a period of 40 years, starting from now. Then a minimum annual payment is required out of the net proceeds of each preceding fiscal year. Net income is to be in accordance with the usage in TVA accounts and reports as, for example, in schedule B-2, on page 1414 of the Budget of the United States for 1948, which gives a comparative statement of net income from TVA power operations. The annual payments are to be made within 12 months after the end of each fiscal year. Section 26 of the TVA Act, however, fixes December 31 following the end of the fiscal year as the latest date which the TVA can make repayments to the Treasury out of net income. The June 30 date written into the bill, therefore, actually applies to retirement of bonds.

The committee's plan also requires that the total of the annual payments in each 10-year period of the next 40 years shall not be less than one-fourth of the total amount of the \$348,000,000 advanced by the Federal Government for power purposes.

The plan also calls for payments during the next fiscal year of not less than \$10,500,000, including \$2,500,000 for bond retirement, from net proceeds derived from TVA's 1947 operations. This amount corresponds to the amount budgeted by TVA for payment in fiscal year 1948. In other words, this provision merely legally requires the TVA to do that which they had previously planned to do and which is incorporated in the budget of the President.

Now, there is neither dispute nor doubt about the capacity, or, as far as I am concerned, the intent of the TVA power system to earn the sum required to repay the Treasury investment within the 40-year amortization period. I do not regard 40 years from now as being an unreasonable period within which the TVA power program would be expected to amortize itself. I think it can do so, and I believe it should do so.

This proposed plan for cash payments does not in any way interfere with TVA's use of its receipts or of whatever amounts of proceeds that are required for operating expenses. Inasmuch as the fixed percentage payments are required to be made from net income, TVA retains flexibility insofar as variation in operating expenses are concerned.

In general, the recommendations of the committee have been based upon the expectations expressed by the TVA in a report to the committee which will be found in the record.

The committee has also included in the bill language which would prevent TVA from using its proceeds for building a new power-producing project. As a matter of fact, such language, like the requirement that \$10,500,000 be paid within the next fiscal year, is entirely un-

necessary. Not only would proceeds be inadequate for such a major expenditure, but section 26 of the TVA Act would not permit the use of earnings for the construction of a multipurpose dam. The TVA has never done so, and has steadfastly expressed no intent or desire to do so. In the past, appropriations by Congress have provided for such structures; and with or without this provision in the bill, it will be necessary for Congress to appropriate funds for any such project in the future, as well as for any single-purpose power dam or a steam plant. TVA can continue to use its earnings under section 26 for generating units in existing plants, transmission lines, substations, transformers, and such other facilities as are required in carrying on the business of marketing the power generated at its projects.

In this connection, I would like to point out that the TVA record of repayment, since repayment of appropriated funds and retirement of bonds to the Treasury from net income began, has approximated or exceeded the level of requirement of this plan. As normal operations continue, it is entirely possible that this plan would work no particular hardships except that, successful operations taken for granted, the repayment of total appropriated and borrowed funds may be required by this plan in a period considerably shorter than 40 years.

Continued successful operation of the TVA taken for granted, it will be noted from the language of the bill before us that a considerable part of the revenue from this immense operation is left by this plan for improvement and accretion of the power program and facilities. The fact that this Congress, particularly this Congress, reaffirms this principle, is on the credit side of the committee proposal. Too, the plan gives implicit recognition that further appropriational investment must be made in the TVA program, as you will note in the paragraph beginning on line 19 of page 8 of the bill. This, too, is to the credit side of the proposal. This is true because it is certain that additional capital investment in power producing projects will be necessary, perhaps sooner than even I now think, in order to supply the needs and demands for electrical energy in this great and rapidly developing region.

I have been in the communities, the workshops, and homes of the valley. I have seen a steady growth of washing machines, of electric irons, milking machines, electric lights, and running water in the farm homes and barns. Yes, Mr. Chairman, I have seen the standard of living in the area steadily rising and we have by no means seen the end. Our need for additional power producing projects, perhaps very soon, is certain.

Now where are we to turn for further investment in this program? Only to the working partnership between the Congress and the people of the TVA region. The people of the Tennessee Valley have accepted wholeheartedly and with gratitude this great experiment in regional development. The cooperation of local governments has been with-

out stint and without exception. The desire to make of TVA a success has been well nigh unanimous. True, the people of the region have benefited. Their burden has been made a little lighter, and their hopes brighter, but the country as a whole has benefited, too, not only from the attractive returns from the investment, as I have pointed out, but in a much bigger way in development of production capacity of a vast region. Perhaps it will be pardonable if I recall with pride that at a critical time during the war the TVA was furnishing electrical energy that was producing 51 percent of all the aluminum that went into all of our airplanes. TVA also furnished the power for the Oak Ridge plant that manufactured the atom bomb. These two dramatic examples are, however, but a part of the great contribution to victory which stemmed directly from this agency and from the people of the region. So you see, Mr. Chairman, the people of the valley of the Tennessee look with confidence to a continuation of the mutually beneficial partnership in this regional development. That development has been phenomenal and has ensured to the benefit of all America. But, Mr. Chairman, we have not seen the end. As I have pointed out, it is inevitable that further investment for the people through the Congress will be necessary. We have not in the past, nor do we plan in the future, to ask for this investment on any other than a business basis—the basis of regional development and the basis of sound and profitable operation.

I recognize that there are some people who do not share my confidence in the TVA and its administration—and some of them are Members of the present Congress. If the writing of this amortization plan into law will better satisfy my colleagues, particularly my Republican colleagues, as to the soundness and efficacy of this great program with which the future of my people is so inseparably intertwined, then that, too, is to the credit of this proposal. I hope you will pardon me if I say in all good humor that I think the Democrats will recapture control of the Congress next year. But I concede that it is not yet definitely settled—a few districts are yet to be heard from. So it is within the realm of possibility that future development of the TVA program, and therefore the region which it serves, may depend upon the degree of confidence that my colleagues to my left have in the soundness and the investment from a strictly dollar-and-cents basis.

The committee plan, however, is not without danger. The danger of writing a fixed amortization plan into law lies in rigidity of legal language, on the one hand, and on the uncertainty of climatic conditions, business cycles, and other unpredictable qualities of the future on the other. I think this danger is particularly involved in the annual minimum repayment required by the committee plan, even though such minimum is only required out of net income. In a good year, I do not now conceive that it will work any great hardship on the program. But in a bad year, that is in a

year in which the net income of the TVA would be small, a hardship and an interference with sound operations might result if, at the same time, average or above-average additions to and improvements of facilities are required to meet utility demands of the area.

Also in this connection, I would like to call attention to the fact that the annual cost of producing TVA power can theoretically vary as much as \$15,000,000 as between a very dry year and a year of abundant rainfall. Such wide variation has not been experienced since the TVA program has been in operation, but such a variation in rainfall has been a matter of record. In the event of a year of low precipitation, the TVA hydroelectric power must be supplemented by steam plant production which considerably increases the cost of producing power, and would, therefore, materially reduce net income from operations. So, I doubt the advisability of the minimum annual payment provision of this amortization plan, but in amelioration, it can be said that if such a hardship should occur, the Congress could, and I have no doubt would, make such adjustments in the per period requirements as would permit sound economy and businesslike operations of this very great business, owned by all the people, and so vital to a great region of America.

Mr. Chairman, I have discussed as frankly as is within my capacity the amortization plan contained in this bill, but there are two very, very important reasons, which I have not yet mentioned, why I am not going to oppose this bill on the floor today. One is that in the absence of such an understanding there is reason to believe the TVA might have fared much worse, not only with respect to the amortization plan, but in appropriations also. And, second, it is my understanding that in consequence my colleagues on the committee will resist disastrous amendments to the TVA now pending before another legislative body.

No one in Congress or out could possibly be more concerned that the TVA program have a high standard of operational efficiency than I. If, because of cheap politics, or for any other reason, it should become inefficient and extravagant, the people in the TVA region would be first to suffer. True, all the people of the United States would suffer from the inefficiency in the impairment of their investment and in the impairment of the program of development of a vast area of the United States. But the people in the valley of the Tennessee themselves would be the most directly affected. For it would be they who would receive poorer utility service and at higher rates. Future industrial and economic development of the region is inescapably tied to the success of the TVA.

Therefore, Mr. Chairman, as my colleagues on this committee know, I have and will steadfastly demand efficiency and businesslike procedures and economy in the operation of the TVA and nonpartisan consideration of the agency problems.

I turn now to the appropriation features of the bill as related to the TVA. The budget requested an appropriation of \$27,000,000 plus for all phases of

the TVA program. From this amount the committee has cut approximately \$5,000,000 in appropriation funds. I, of course, regretted to see any cuts made in this particular appropriation. I say this, not to indicate that I am lacking in desires to see economy practiced by the Government. I say it because I believe that the budget of the TVA had been pared to the extent below which no sizable reductions could be made in terms of true economy—unless it be in the case of appropriations for the construction of the South Holston Dam, where it is possible to defer certain items from the next fiscal year to the following fiscal year without affecting the completion date of the dams.

The committee has cut \$2,000,000 from the budget estimate of \$5,000,000 for continuation of construction of the Watauga and South Holston Dams. This \$2,000,000 reduction would result in a deferral to fiscal year 1949 of certain necessary work at South Holston, originally scheduled for the coming fiscal year.

Work on the Watauga project is now at a peak stage and any slowing down in fiscal year 1948 would seriously delay the scheduled completion.

Since South Holston is in the earlier stages of construction there is more flexibility in the schedule and more chance to make up lost time. The work proposed for fiscal year 1949 can be intensified and the scheduled date for completion of the South Holston project in calendar year 1951 can be met provided that there is an increase in the 1949 funds corresponding to any reduction made in the 1948 funds.

The activities which would be deferred at South Holston consist largely of the relocation of the State highway in the reservoir area and the placing of orders for the generating equipment. This highway relocation work includes 7 miles of heavy road construction and a large bridge to replace portions of Tennessee State Highway No. 34, which will be flooded by the reservoir. It is probable that the placing of orders for certain parts of the generating equipment could be deferred until the first of fiscal year 1949 if delivery conditions improve, and still obtain deliveries which would not endanger the scheduled date for power production.

Under the curtailed program, work on the construction of the access roads and bridges at South Holston would be started about August 1947; the installation of compressed air, water, and electric utilities together with other construction plant facilities at the damsite would be started in the spring of 1948; excavation and concreting of the stilling basin at the outlet of the diversion tunnel, stripping of the damsite, and other work in preparation for diverting the river would follow.

The budget estimate of \$8,600,000 for chemical-plant construction has been reduced by \$2,000,000. To indicate with what regrets and disappointment I have seen the committee take this action, I have but to point to the CONGRESSIONAL RECORD at the time the fertilizer program was being considered last year, at which time, I advocated as vigorously as I could appropriations to greatly expand the TVA fertilizer program by the con-

struction of a fertilizer plant at Mobile, Ala. On the other hand, I find considerable satisfaction in the fact that this bill does appropriate \$6,686,000 for chemical-plant construction which will greatly improve the TVA facilities for vigorous and progressive research, experimentation, and production of highly concentrated fertilizers which are so direly needed by the soils of America, the rapid depletion of which has already created a major problem, and I fear in the future will create a problem of much more grave concern.

The largest item to be eliminated by this \$2,000,000 reduction will be \$1,000,000 intended as a contingency against the possible failure of the nitric-acid towers which are an essential part of the ammonium nitrate plant. These towers were built in World War I and have already outlived their normal period of usefulness. The item would not be spent unless needed. With the elimination of this item, TVA now faces the possibility that if the towers should fail it would be necessary to close down all or a part of the ammonium nitrate fertilize operations upon which thousands of farmers are dependent in order to produce the food required in the world food emergency. Two hundred thousand dollars represents reduction of the estimate for equipping the nitrate plant to use natural gas. The use of natural gas, if available, would mean substantial saving in the cost of producing ammonium nitrate at Muscle Shoals. With a reduction in the funds for the necessary conversion, TVA faces the possibility of not being ready to use natural gas with the promptness which considerations of economy would require.

Deferral of construction of fluorine-recovery plants in connection with fused tricalcium phosphate and sintering operations at Godwin, Tenn., \$390,000. The fluorine which would be recovered has high value in industrial processes and as an insecticide, and there seems to be an excellent chance that all or a large part of the cost of recovery would be liquidated by the sale of recovered by-products. Likewise, the installations would have a substantial value to TVA in preventing any possible claims for crop and livestock damage on account of fluorine fumes.

Elimination of provision for beginning a diammonium phosphate plant, \$200,000. This plant would produce on a larger scale a highly concentrated fertilizer under a process which has already proved successful in pilot-plant operations. The product contains nitrogen in addition to a high concentration of phosphorus. The Muscle Shoals plant is particularly adapted to manufacture this product since it produces both ammonia and phosphoric acid.

Elimination of provision for beginning a ferrophosphorus limestone plant, \$210,000. This plant would utilize by-product materials now largely wasted by converting them into an animal-feed supplement badly needed to supply the demand for animal feeds with high mineral content. Appreciable economy in phosphate operations would be secured through the sale of this material.

I am sorry indeed that this reduction has been made in the fertilizer program, but I consider ourselves lucky to be receiving an appropriation of \$6,686,000 for additions to chemical plants.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

TVA—GREATEST DEVELOPMENT OF ANCIENT OR
MODERN TIMES

Mr. RANKIN. Mr. Chairman, nothing could be closer to my heart than the Tennessee Valley Authority.

I was coauthor of the bill that created the TVA in 1933. There was a House bill introduced by the gentleman from Alabama [Mr. HILL] which passed the House, but we struck out all after the enacting clause and inserted the Norris-Rankin bill, introduced by my distinguished friend from Nebraska, Senator Norris, and myself. That bill finally became law.

Under the House bill we could never have built another dam until we had found a market for the power. That meant we never could have built another dam at all.

We could not have built a power line under the Hill bill until we exhausted all our efforts to ship this power over private power lines, which simply meant that we would have been left with only one dam on the Tennessee River, Muscle Shoals, the power companies would have had the power produced there, the people would be paying exorbitant rates, and the farmers of the area would be getting no electricity at all.

At that time power was being sold by the party in power, which is the party in the majority in this House now, to the power company at Muscle Shoals at a little less than 2 mills a kilowatt-hour, while the people within sight of the dam were paying 10 cents a kilowatt-hour for that power for domestic use and the average consumer used less than 40 kilowatt-hours a month.

Today, the municipalities and cooperative power associations throughout the area are paying the TVA 4.29 mills a kilowatt-hour for power and delivering it to domestic users at an average of 1.56 cents a kilowatt-hour; and instead of using an average of 40 kilowatt-hours a month, they are using an average of 209 kilowatt-hours a month.

That 209 kilowatt-hours costs them less today than the 40 kilowatt-hours did in 1933, although the TVA is getting more than twice the wholesale rate the power companies were paying the Government at Muscle Shoals at the time the TVA was created.

The hydroelectric power of this Nation is the greatest wealth we possess, outside of the soil from which we live. When I first came to Congress, the American people were purchasing and using 40,000,000,000 kilowatt-hours of electricity a year. At that time they told us we had all the power we needed. That was the argument they put up against creating the Tennessee Valley Authority.

Last year the country used over 200,000,000,000 kilowatt-hours, or about five

times as much as they used then, and the demand is greater today than it ever was before.

At that time we had no rural electrification. If it had not been for the creation of the Tennessee Valley Authority, in my opinion, we would have no rural electrification, to amount to anything, today.

One thing that actuated me in introducing the bill to create the TVA, was to get this power distributed to the farmers of the area, especially throughout the district I represented.

My success in that respect has far exceeded my expectations. Every precinct in the 10 counties I represent gets TVA power at TVA rates. While we have not been able to reach every farmer in the district, we are moving rapidly in that direction. Thousands of farmers in the district are enjoying the use of TVA power who 15 years ago never dreamed of getting electricity in their homes.

At the time TVA was created, less than 10 percent of the farms of this country were not receiving any electricity at all, while, as I have explained to you, in the average European country, outside of Russia, had more than 90 percent of their farms electrified. Last year, as the RECORD will show, if you will turn to page 6170 of the RECORD of May 28, we had 57.4 percent of our farms electrified and we are going forward with the program to reach every farm home in America.

This is one of my greatest services to the people of this Nation; for, as you all know, I not only helped to create and develop the TVA, but I have led the fight for rural electrification from the very beginning.

As I have said before, electricity is the lifeblood of our advancing civilization. The cheaper the rates the more freely it flows, and the more freely it flows the greater are its benefits to mankind.

The TVA is the greatest development of ancient or modern times. It is here to stay; and if the American people just knew what it means, they would have an Authority on each one of the other great rivers of this country.

The power generated by the TVA exceeds the combined physical strength of every man in the United States living east of the Mississippi River.

It is the greatest servant mankind has ever known, and the only one the man or woman of ordinary means can afford.

Every person in the United States who turns an electric switch is getting benefits from the reduced rates which the Tennessee Valley Authority yardstick has brought. That yardstick on which you have heard such terrific assaults is a magic wand, if you please, which is showing the American people what electricity is worth.

"You can generate power with coal, gas, oil, or water power and distribute it in any State in this Union at TVA yardstick rates. That would save you more than a billion dollars a year on your electric light and power bills.

The Tennessee Valley Authority has not only controlled floods on that stream, but it has been able to hold back the flood waters on the Tennessee and prevent the synchronization of those floods

with the floods on the Ohio, the upper Mississippi and the Missouri, and save the lower Mississippi from such disasters as that area experienced in 1927.

If we had had those dams on the Tennessee River then we would not have had that disastrous flood that wrought such havoc from Cairo to the mouth of the Mississippi River. In addition to that, we have provided navigation on the Tennessee and enabled the Government to construct and operate the greatest defense plan the world has ever known at Oak Ridge, where the atomic bomb was produced with the power generated by the Tennessee Valley Authority.

The TVA has made possible the construction of the Tennessee-Tombigbee inland waterway, which will furnish a slack-water route for all up-bound traffic from the Gulf to St. Louis, Chicago, Detroit, Omaha, Pittsburgh, and all other points on the upper Mississippi, the Missouri, the Illinois, the Ohio, the Tennessee, and their tributaries, reduce the cost of such transportation on an average of more than 50 percent and cut the water distance from Oak Ridge to the Gulf of Mexico by 650 miles.

When John L. Lewis came before our Committee on Rivers and Harbors to protest against the St. Lawrence project where 12,000,000,000 kilowatt-hours of

electricity are going to waste every year, just as 10,000,000,000 kilowatt-hours a year are going to waste on the Missouri and 10,000,000,000 kilowatt-hours a year on the Ohio, he opposed it he said because it competed with coal. I took the statements of the engineers and showed him that in the State of Illinois power could be generated with coal and distributed all over the State at a rate not exceeding that charged in the Tennessee Valley Authority area. But instead of that we find that last year the people of the State of Illinois were overcharged to the extent of \$90,000,000 for their electric light and power.

Following the footsteps of the Tennessee Valley area and giving power to the people of your districts at what it is worth would mean more for your people than anything else that could possibly be done for them at this time.

These tables I have had compiled leave out REA, because we did not have the figures at our fingertips. They leave out the amount that is used for street lighting and for municipal water pumping.

Even so, they show that last year the American people bought and used 170,000,000,000 kilowatt-hours for electricity or more than four times as much as the American people were using for all purposes when I first came to Congress.

According to Tennessee Valley Authority rates, the American people were overcharged \$1,524,000,000 for their electricity last year.

Oh, but they say, the public power projects pay no taxes. That is bunk. If I had time I should like to go into the tax problem and show you where that even the municipalities that distribute this power receive more in lieu of taxes than were paid by the private power companies before the municipalities took over. The city of Tacoma, Wash., pays more taxes in proportion than the private power companies in almost any section of the country. Yet, according to the Tacoma rates, last year the American people were overcharged \$1,736,000,000.

According to the Bonneville rate they were overcharged \$1,239,000,000.

According to the Ontario rate they were overcharged \$1,463,000,000.

I say the greatest project of its kind that has ever been constructed in all the history of mankind, is the Tennessee Valley Authority. Instead of attacking it, the rest of the country had better follow its example.

Here is a table showing the number of residential consumers, the amount of electricity used by them, and the overcharges in each State, during the year 1946:

TABLE 1.—Residential electric service, 1946

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	348,823	551,049	\$12,025,500	\$7,768,473	\$4,257,027	\$7,203,275	\$4,822,225	\$9,163,431	\$2,862,069	\$6,734,280	\$5,291,220
Arizona	112,509	189,886	5,483,200	2,412,608	3,070,592	2,237,146	3,246,054	2,840,298	2,642,902	2,089,099	3,394,101
Arkansas	198,764	178,503	7,390,200	3,473,394	3,916,806	3,222,127	4,168,073	4,094,171	3,296,029	3,007,811	4,382,389
California	2,096,353	2,747,767	77,635,500	47,745,833	29,889,667	44,252,235	33,383,265	56,285,738	21,349,762	41,379,722	36,255,778
Colorado	249,478	285,000	10,656,200	5,200,226	5,455,974	4,816,602	5,839,598	6,127,315	4,528,885	4,496,916	6,159,284
Connecticut	496,409	699,112	24,170,300	11,940,128	12,230,172	11,094,168	13,076,132	14,091,285	10,079,015	10,344,888	13,825,412
Delaware	67,614	84,680	3,458,400	1,490,570	1,967,830	1,383,360	2,075,040	1,756,897	1,701,633	1,289,983	2,168,417
District of Columbia ¹											
Florida	473,537	719,581	24,522,800	10,544,804	13,977,996	9,784,597	14,738,203	12,433,060	12,089,740	9,147,004	15,375,79
Georgia	466,298	774,863	19,417,500	11,747,588	7,669,912	10,893,218	8,524,282	13,844,678	5,572,822	10,174,770	9,242,730
Idaho	128,612	320,077	6,428,100	3,773,295	2,654,805	3,496,886	2,931,214	4,448,245	1,979,855	3,265,475	3,162,625
Illinois	1,965,880	2,348,004	80,560,900	41,509,424	38,991,476	38,508,110	42,052,790	48,981,027	31,579,873	36,010,722	44,550,178
Indiana	850,713	1,050,407	35,876,000	17,830,670	18,045,930	16,539,113	19,337,487	21,023,688	14,852,912	15,462,815	20,413,785
Iowa	543,472	596,426	22,495,600	10,887,870	11,607,730	10,100,524	12,395,076	12,822,492	9,673,108	9,425,656	13,069,944
Kansas	370,659	415,509	15,988,800	7,594,680	8,394,120	7,035,072	8,953,728	8,953,728	7,035,072	6,571,397	9,417,403
Kentucky	424,757	449,387	15,202,900	8,589,639	6,613,261	7,966,320	7,236,580	10,125,131	5,077,769	7,434,218	7,768,682
Louisiana	392,805	344,291	14,495,600	6,392,560	8,103,040	5,928,700	8,566,900	7,537,712	6,957,888	5,537,319	8,958,281
Maine	220,401	231,653	9,158,800	4,020,713	5,138,087	3,727,632	5,431,168	4,735,100	4,423,700	3,480,344	5,678,456
Maryland and District of Columbia	575,993	753,709	23,131,500	13,254,516	9,876,984	12,281,329	10,850,171	15,623,323	7,508,177	11,480,528	11,650,972
Massachusetts	1,218,966	1,212,917	52,041,300	22,951,536	29,092,764	21,286,119	30,758,181	27,063,036	24,981,264	19,880,923	32,163,377
Michigan	1,469,424	2,283,802	62,381,300	37,116,874	25,264,426	34,372,096	28,009,204	43,729,291	18,652,009	32,126,370	30,254,930
Minnesota	621,059	844,102	26,349,700	13,780,893	12,568,807	12,779,605	13,570,095	16,257,765	10,091,935	11,936,414	14,413,286
Mississippi	219,659	249,615	7,512,200	3,823,710	3,688,490	3,545,758	3,966,442	4,499,808	3,012,392	3,305,368	4,206,832
Missouri	773,354	929,247	30,445,800	16,227,611	14,218,189	15,040,225	15,405,575	19,119,962	11,325,838	14,035,514	16,410,286
Montana	115,546	158,262	4,871,500	2,464,979	2,406,521	2,284,734	2,586,766	2,903,414	1,968,086	2,133,717	2,737,783
Nebraska	251,700	309,994	10,615,500	5,604,984	5,010,516	5,201,595	5,413,905	6,602,841	4,012,659	4,851,284	5,764,216
Nevada	32,954	92,334	2,266,400	947,355	1,319,045	879,363	1,387,037	1,117,335	1,149,065	820,437	1,445,963
New Hampshire	148,016	157,381	6,555,800	2,668,211	3,887,589	2,471,537	4,084,263	3,146,784	3,409,016	2,307,642	4,218,158
New Jersey	1,188,709	1,267,118	52,717,600	23,670,202	29,047,398	21,930,522	30,787,078	27,887,610	24,829,990	20,454,429	32,263,171
New Mexico	74,834	83,722	3,512,000	1,411,824	2,100,176	1,309,976	2,202,024	1,664,688	1,847,312	1,222,176	2,289,824
New York	3,707,778	3,910,057	156,199,100	71,695,387	84,503,713	66,540,817	89,658,283	84,503,713	71,695,387	62,011,043	94,188,057
North Carolina	521,611	682,280	20,386,175	10,926,990	9,459,185	10,131,929	10,254,246	12,884,063	7,502,112	9,459,185	10,926,990
North Dakota	86,961	103,278	3,922,100	1,804,166	2,117,934	1,674,737	2,247,363	2,125,778	1,796,322	1,560,996	2,361,104
Ohio	1,822,808	2,499,757	78,609,000	44,099,649	31,509,351	40,876,680	37,732,320	51,960,549	26,648,451	38,203,974	40,405,026
Oklahoma	306,753	326,871	14,020,800	6,253,277	7,767,523	5,804,611	8,216,189	7,374,941	6,645,859	5,426,050	8,594,750
Oregon	329,682	943,945	16,138,900	10,587,118	5,551,782	9,812,451	6,326,449	12,475,370	3,663,530	9,166,895	6,972,005
Pennsylvania	2,317,097	2,873,806	99,370,500	50,380,844	48,989,656	46,704,135	52,666,365	59,423,559	39,946,941	43,623,650	55,746,850
Rhode Island	203,072	173,769	8,107,900	3,445,858	4,662,042	3,194,513	4,913,387	4,062,058	4,045,842	2,983,707	5,124,193
South Carolina	251,146	328,505	9,288,025	5,247,734	4,040,291	4,866,925	4,421,100	6,185,825	3,102,200	4,541,844	4,746,181
South Dakota	86,135	100,364	3,581,200	1,536,335	2,044,865	1,425,318	2,155,882	1,812,087	1,769,113	1,332,206	2,248,994
Tennessee	478,602	977,732	17,438,500	13,113,752	4,321,748	12,154,635	5,283,865	15,467,950	1,970,550	11,352,464	6,086,036
Texas	1,151,128	1,202,519	44,396,600	21,754,334	22,642,266	20,200,453	24,196,147	25,661,235	18,735,365	18,868,555	25,528,045
Utah	151,711	227,610	5,982,600	3,547,682	2,434,918	3,290,430	2,692,170	4,181,837	1,800,763	3,069,074	2,913,526
Vermont	91,856	112,526	4,626,900	2,035,836	2,591,064	1,887,775	2,396,734	2,396,734	2,396,734	1,762,849	2,864,051
Virginia	488,874	649,950	21,323,200	10,341,752	10,981,448	9,595,440	11,727,760	12,196,870	9,126,330	8,955,744	12,367,456
Washington	535,186	1,727,162	25,922,000	18,948,982	6,973,018	17,575,116	8,346,884	22,318,842	3,603,158	16,408,626	9,513,374
West Virginia	310,256	316,316	11,899,700	5,902,251	5,997,449	5,473,862	6,425,838	6,949,425	4,950,275	5,104,971	6,794,729
Wisconsin	721,564	1,031,969	29,786,400	16,203,802	13,582,598	15,042,132	14,744,268	19,093,082	10,693,318	14,029,394	15,757,006
Wyoming	49,649	54,069	2,206,800	966,578	1,240,222	895,961	1,310,839	1,138,709	1,068,091	836,377	1,370,423
United States	29,769,107	38,570,913	1,240,576,900	645,697,497	594,879,403	598,719,864	641,857,036	761,092,450	479,484,450	559,104,825	681,472,075

¹ Included in Maryland.

Here is a table showing the number of commercial customers, the amount of electricity used by them, and the overcharges in each State during the year 1946:

TABLE 2.—Commercial electric service, 1946

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama.....	47,679	311,293	\$7,094,400	\$3,704,767	\$8,389,633	\$3,536,701	\$3,557,699	\$4,749,701	\$2,344,699	\$4,267,424	\$2,826,976
Arizona.....	19,304	315,396	5,375,700	2,286,769	3,088,931	2,181,567	3,194,133	2,929,057	2,446,643	2,630,062	2,745,638
Arkansas.....	38,279	207,097	6,264,000	2,600,124	3,663,876	2,483,989	3,780,011	3,329,191	2,934,809	2,987,239	3,276,761
California.....	409,837	3,158,435	66,427,700	37,631,292	28,796,408	35,920,779	30,506,921	47,962,793	18,464,907	43,036,514	23,391,186
Colorado.....	42,413	321,467	8,870,200	3,791,567	5,078,633	3,617,977	5,252,223	4,833,106	4,037,094	4,330,609	4,539,591
Connecticut.....	68,175	424,340	14,833,500	5,316,920	9,516,580	5,072,464	9,761,036	6,798,935	8,034,565	6,111,402	8,722,098
Delaware.....	10,304	97,724	2,386,500	909,495	1,477,005	865,249	1,521,251	1,160,221	1,226,279	1,039,775	1,346,725
District of Columbia ¹											
Florida.....	85,338	563,465	20,449,800	6,845,571	13,604,229	6,529,621	13,920,179	8,741,267	11,708,533	7,835,546	12,614,254
Georgia.....	74,578	686,358	17,370,000	8,015,213	9,354,787	7,639,500	9,730,500	10,251,600	7,118,400	9,196,025	8,173,975
Idaho.....	21,373	186,368	3,858,700	2,114,413	1,744,287	2,015,052	1,843,648	2,690,710	1,167,990	2,412,498	1,446,202
Illinois.....	267,874	1,672,466	57,374,600	23,342,856	34,031,744	22,279,131	35,095,469	29,961,590	27,413,010	26,947,703	30,426,897
Indiana.....	127,098	711,621	21,811,100	9,772,464	12,038,636	9,345,621	12,465,479	12,513,246	9,297,854	11,232,717	10,578,383
Iowa.....	103,539	576,104	18,122,000	8,250,222	9,871,778	7,876,909	10,245,091	10,546,098	7,575,902	9,482,155	8,639,845
Kansas.....	60,843	376,800	11,594,800	4,992,025	6,602,775	4,765,115	6,829,685	6,377,372	5,217,428	5,732,469	5,862,331
Kentucky.....	56,762	318,743	8,667,100	3,981,493	4,685,607	3,802,951	4,864,149	5,106,308	3,560,792	4,588,536	4,078,564
Louisiana.....	63,405	425,529	13,474,400	4,621,584	8,852,816	4,413,405	9,060,995	5,884,540	7,589,860	5,273,880	8,200,520
Maine.....	34,656	162,995	4,950,600	1,978,458	2,972,142	1,881,574	3,069,026	2,508,766	2,441,834	2,248,711	2,701,889
Maryland and District of Columbia.....	95,027	825,419	20,830,500	11,215,175	9,615,325	10,719,555	10,110,945	14,416,751	6,413,749	12,943,194	7,887,306
Massachusetts.....	177,781	832,926	31,458,200	10,627,839	20,830,361	10,141,810	21,316,390	13,544,014	17,914,186	12,150,730	19,307,470
Michigan.....	190,883	1,614,725	42,903,600	18,781,051	24,122,549	17,941,428	24,962,172	23,995,555	18,908,045	21,565,066	21,338,534
Minnesota.....	107,209	615,547	21,147,200	8,451,267	12,695,933	8,059,198	13,088,002	10,760,119	10,387,081	9,649,256	11,497,944
Mississippi.....	36,273	248,072	6,910,300	2,740,280	4,170,020	2,612,162	4,298,138	3,487,628	3,422,672	3,131,748	3,778,552
Missouri.....	132,438	851,624	24,919,600	11,088,225	13,831,375	10,574,881	14,344,719	14,193,955	10,725,645	12,730,926	12,188,674
Montana.....	18,693	135,266	3,439,700	1,700,588	1,739,112	1,622,644	1,817,056	2,175,335	1,264,365	1,948,590	1,491,110
Nebraska.....	44,705	253,062	7,187,800	3,435,193	3,752,607	3,279,721	3,908,079	4,405,043	2,782,757	3,953,434	3,234,366
Nevada.....	6,235	99,872	2,245,600	855,798	1,389,802	816,478	1,429,122	1,094,034	1,151,566	980,698	1,264,902
New Hampshire.....	19,884	81,038	2,907,600	1,170,978	1,736,622	1,114,076	1,793,524	1,494,419	1,413,181	1,338,688	1,568,912
New Jersey.....	190,724	1,017,236	38,747,100	13,529,325	25,217,775	12,930,682	25,816,418	17,320,728	21,426,372	15,524,801	23,222,299
New Mexico.....	14,522	96,999	3,150,300	1,090,256	2,060,044	1,041,583	2,108,717	1,392,023	1,758,277	1,252,496	1,897,804
New York.....	631,516	5,019,720	158,907,400	52,353,632	106,553,768	50,084,435	108,822,965	67,265,502	91,641,898	60,457,909	98,449,491
North Carolina.....	85,983	576,333	14,638,871	7,162,068	7,476,803	6,815,273	7,823,598	9,107,134	5,531,737	8,157,218	6,481,653
North Dakota.....	22,063	105,204	3,818,800	1,431,744	2,387,066	1,364,878	2,453,922	1,825,081	1,993,719	1,636,280	2,182,520
Ohio.....	239,133	1,589,367	44,537,700	20,964,341	23,573,359	20,046,864	24,490,836	26,882,065	17,655,635	24,129,635	20,408,065
Oklahoma.....	63,613	324,365	10,511,200	4,384,747	6,126,453	4,179,043	6,332,157	5,586,492	4,924,708	5,023,513	5,487,446
Oregon.....	50,186	591,616	9,536,200	5,765,681	3,770,519	5,500,480	4,035,720	7,347,070	2,189,130	6,590,754	2,945,446
Pennsylvania.....	334,727	1,964,941	54,535,900	24,490,982	30,044,918	23,367,542	31,168,358	31,400,135	23,135,765	28,198,333	26,337,567
Rhode Island.....	26,247	118,311	4,960,200	1,675,754	3,284,446	1,599,119	3,361,081	2,125,346	2,834,854	1,905,660	3,054,540
South Carolina.....	41,399	277,493	6,669,529	3,201,241	3,468,288	3,056,978	3,612,551	4,080,551	2,588,978	3,661,505	3,008,024
South Dakota.....	23,211	91,755	3,375,500	1,244,682	2,130,818	1,189,054	2,186,446	1,592,358	1,783,142	1,425,474	1,950,026
Tennessee.....	65,341	497,765	8,934,900	5,917,495	3,017,405	5,641,407	3,293,493	7,555,620	1,379,280	6,782,572	2,152,328
Texas.....	198,688	1,546,618	38,153,200	16,780,158	21,373,042	15,994,203	22,158,997	21,456,596	16,696,604	19,295,218	18,857,982
Utah.....	16,556	133,752	3,969,400	1,856,171	2,113,229	1,774,402	2,194,998	2,375,408	1,593,992	2,134,188	1,835,212
Vermont.....	13,824	92,100	2,371,000	930,452	1,440,548	886,493	1,484,507	1,184,433	1,186,567	1,059,884	1,311,116
Virginia.....	73,743	725,889	18,031,300	7,224,601	10,806,699	6,890,300	11,141,000	9,230,403	8,800,897	8,264,647	9,766,653
Washington.....	74,582	1,187,471	17,418,900	11,195,476	6,223,424	10,693,114	6,725,786	14,353,174	3,065,726	12,899,915	4,518,985
West Virginia.....	44,517	196,090	6,061,500	2,622,205	3,439,295	2,503,582	3,587,918	3,358,920	2,702,580	3,009,292	3,052,208
Wisconsin.....	114,308	745,270	21,696,100	10,570,123	11,125,977	10,078,489	11,617,611	13,542,272	8,153,828	12,156,758	9,539,342
Wyoming.....	7,742	54,416	1,874,900	751,216	1,123,684	716,456	1,158,444	957,849	917,051	859,361	1,015,539
United States.....	4,692,850	33,016,463	924,775,100	395,363,977	529,411,123	377,463,935	547,311,165	505,850,514	418,924,586	454,171,008	470,604,092

¹ Included with Maryland.

Here is one showing the industrial consumption and overcharge in each State during 1946:

TABLE 3.—Industrial electric service, 1946

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilo-watt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	2,105	3,494,145	\$22,137,700	\$14,190,266	\$7,947,434	\$10,493,270	\$11,644,430	\$15,651,354	\$6,486,346	\$16,381,898	\$5,755,802
Arizona	301	233,464	2,032,000	1,011,936	1,020,064	749,808	1,282,192	1,117,600	914,400	1,170,432	861,568
Arkansas	2,103	476,294	6,131,100	4,022,002	2,109,098	2,979,715	3,151,385	4,438,916	1,692,184	4,647,374	1,483,726
California	17,692	6,451,937	58,694,600	49,186,075	9,508,525	36,449,347	22,245,253	54,202,505	4,402,095	56,816,373	1,878,227
Colorado	8,104	307,849	4,916,800	2,512,485	2,404,315	1,858,550	3,058,250	2,773,075	2,143,725	2,900,912	2,015,888
Connecticut	5,334	1,496,148	22,078,900	11,216,081	10,862,819	8,323,745	13,755,155	12,380,263	9,692,637	12,960,314	9,118,586
Delaware	420	192,525	2,214,300	1,240,008	974,292	918,935	1,295,365	1,368,437	845,863	1,432,652	781,648
District of Columbia ¹											
Florida	2,351	599,972	8,066,100	3,742,670	4,323,430	2,774,738	5,291,362	4,129,843	3,930,257	4,323,430	3,742,670
Georgia	791	1,613,901	14,583,700	9,143,980	5,439,720	6,781,421	7,802,279	10,106,504	4,477,196	10,573,183	4,010,517
Idaho	527	442,263	2,829,800	2,079,903	749,897	1,542,241	1,287,559	2,297,798	532,002	2,402,500	427,300
Illinois	8,088	6,292,255	77,971,900	40,389,444	37,582,456	29,863,238	48,108,662	44,599,927	33,371,973	46,627,196	31,344,704
Indiana	8,689	2,885,389	33,904,600	18,613,625	15,290,975	13,799,172	20,105,428	20,546,188	13,358,412	21,529,421	12,375,179
Iowa	3,569	916,874	10,096,900	5,785,524	4,311,376	4,281,086	5,815,814	6,391,338	3,705,562	6,684,148	3,412,752
Kansas	2,923	801,731	9,353,500	5,340,849	4,012,651	3,956,531	5,396,969	5,892,705	3,460,795	6,163,957	3,189,543
Kentucky	5,185	1,269,978	13,235,600	7,570,763	5,664,837	5,611,894	7,623,706	8,364,899	4,870,701	8,748,732	4,486,868
Louisiana	3,359	1,112,355	8,803,200	5,167,478	3,635,722	3,829,392	4,973,808	5,704,474	3,098,726	5,968,570	2,834,630
Maine	3,967	608,195	5,876,800	3,326,269	2,550,531	2,462,379	3,414,421	3,673,000	2,203,800	3,843,427	2,033,373
Maryland and District of Columbia	1,429	2,154,593	23,211,400	13,000,241	10,211,159	9,627,161	13,584,239	14,348,359	8,863,041	15,025,203	8,186,197
Massachusetts	6,412	2,733,471	42,468,100	21,191,582	21,276,518	15,713,197	26,754,903	23,399,923	19,068,177	24,461,626	18,006,474
Michigan	2,776	4,233,796	51,811,700	24,144,252	27,667,448	17,875,037	33,936,663	26,631,214	25,180,486	27,874,695	23,937,005
Minnesota	933	993,483	13,344,900	7,366,385	6,978,515	5,458,064	7,886,836	8,127,044	5,217,856	8,514,046	4,830,854
Mississippi	1,688	377,782	4,347,100	2,460,459	1,886,641	1,821,435	2,525,665	2,712,590	1,634,510	2,843,003	1,504,097
Missouri	1,790	1,758,420	19,222,600	11,514,337	7,708,263	8,534,834	10,687,766	12,725,361	6,497,239	13,321,262	5,901,338
Montana	1,791	1,201,069	6,171,800	4,622,678	1,549,122	3,425,849	2,746,451	5,104,079	1,067,721	5,344,779	827,021

TABLE 3.—Industrial electric service 1946—Continued

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Nebraska	291	322,448	\$3,616,300	\$2,209,559	\$1,406,741	\$1,638,184	\$1,978,116	\$2,441,003	\$1,175,297	\$2,553,108	\$1,063,192
Nevada	72	45,652	396,900	300,850	96,050	223,058	173,842	332,205	64,695	347,684	49,216
New Hampshire	754	300,221	4,008,900	2,212,913	1,795,987	1,639,640	2,369,260	2,445,429	1,563,471	2,557,678	1,451,222
New Jersey	3,263	3,194,395	38,898,200	22,016,381	16,881,819	16,298,346	22,599,854	24,272,477	14,625,723	25,439,423	13,458,777
New Mexico	207	42,231	698,200	348,402	349,798	258,334	439,866	384,708	313,492	402,163	296,037
New York	7,670	9,056,311	70,947,300	35,544,597	35,402,703	26,321,448	44,625,852	39,233,857	31,713,443	41,007,539	29,939,761
North Carolina	3,239	2,429,870	20,132,260	13,569,143	6,563,117	10,066,130	10,066,130	14,978,401	5,153,856	15,683,031	4,449,229
North Dakota	36	18,095	348,200	168,529	179,671	125,004	223,196	186,287	161,913	194,992	153,208
Ohio	13,173	7,867,395	81,579,300	45,847,567	35,731,733	33,936,989	47,642,311	50,579,166	31,000,134	52,944,966	28,634,334
Oklahoma	4,980	766,632	9,009,700	5,270,675	3,739,025	3,910,210	5,099,490	5,820,266	3,189,434	6,090,557	2,919,143
Oregon	2,973	1,108,763	6,730,500	5,485,358	1,245,142	4,065,222	2,665,278	6,057,450	673,050	6,340,131	390,369
Pennsylvania	19,559	10,414,608	110,374,300	67,769,820	42,604,480	50,220,307	60,153,993	74,833,775	35,540,525	78,365,753	32,008,547
Rhode Island	1,214	554,825	9,073,300	4,436,844	4,636,456	3,284,535	5,788,765	4,899,582	4,173,718	5,126,415	3,946,885
South Carolina	1,560	1,169,937	9,172,340	6,200,502	2,971,838	4,595,342	4,576,998	6,851,738	2,320,602	7,163,598	2,008,742
South Dakota	155	64,717	1,000,200	452,090	548,110	335,067	665,133	499,100	501,100	522,104	478,096
Tennessee	1,565	5,109,901	22,241,200	17,503,824	4,737,376	12,966,620	9,274,580	19,327,603	2,913,597	20,217,251	2,023,949
Texas	11,213	3,023,732	31,389,100	18,613,736	12,775,364	13,811,204	17,577,896	20,559,861	10,829,239	21,532,923	9,856,177
Utah	1,209	392,122	3,816,000	2,484,216	1,331,784	1,839,312	1,976,688	2,743,704	1,072,296	2,869,632	946,368
Vermont	939	172,903	2,456,900	1,501,166	955,734	1,112,976	1,343,924	1,655,951	800,949	1,734,571	722,329
Virginia	962	1,319,352	12,198,000	7,257,810	4,940,190	5,379,318	6,818,682	8,014,086	4,183,914	8,392,224	3,805,776
Washington	2,558	4,505,354	19,144,900	14,779,863	4,365,037	10,950,883	8,194,017	16,330,600	2,814,300	17,077,251	2,067,649
West Virginia	1,528	2,295,971	23,149,300	13,634,938	9,514,362	10,093,095	13,056,205	15,047,045	8,102,255	15,741,524	7,407,776
Wisconsin	1,978	1,990,670	24,458,200	12,155,725	12,302,475	9,000,618	15,457,582	11,030,648	11,030,648	14,039,007	10,419,193
Wyoming	1,237	70,512	1,003,800	510,934	492,866	378,433	625,367	564,136	439,664	590,234	413,566
United States	174,662	98,884,506	969,348,400	569,114,734	400,233,666	421,580,814	547,767,586	628,269,378	341,079,022	657,492,892	311,855,508

Here is one showing the total number of customers, the amount of electricity purchased and used by them and the overcharges in each State during 1946.

As I pointed out a while ago, this does not include REA power outside the TVA area, nor does it include power used for municipal lighting or pumping.

TABLE 4.—Total electric sales, 1946

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	398,607	4,356,487	\$41,257,600	\$25,663,506	\$15,594,094	\$21,233,246	\$20,024,354	\$29,564,486	\$11,693,114	\$27,383,602	\$13,873,998
Arizona	132,114	738,746	12,890,900	5,711,313	7,179,587	5,168,521	7,722,379	6,886,955	6,003,945	5,889,593	7,001,307
Arkansas	239,146	861,894	19,785,300	10,095,520	9,689,780	8,685,831	11,099,469	11,862,278	7,923,022	10,642,424	9,142,876
California	2,523,882	12,358,139	202,757,800	134,563,200	68,194,600	116,622,361	86,135,439	158,541,036	44,216,764	141,232,609	61,525,191
Colorado	299,995	914,316	24,443,200	11,504,278	12,938,922	10,293,129	14,150,071	13,733,496	10,709,704	11,728,437	12,714,763
Connecticut	569,918	2,619,600	61,082,700	28,473,129	32,609,571	24,490,377	36,592,323	33,276,483	27,806,217	29,416,604	31,666,096
Delaware	78,338	374,929	8,059,200	3,640,073	4,419,127	3,167,544	4,891,656	4,285,525	3,773,675	3,762,410	4,296,790
District of Columbia											
Florida	561,226	1,883,018	53,038,700	21,133,045	31,905,655	19,088,956	33,949,744	25,304,170	27,734,530	21,305,980	31,732,720
Georgia	541,667	3,075,122	51,371,200	28,906,781	22,464,419	25,314,139	26,057,061	34,202,782	17,168,418	29,943,978	21,427,222
Idaho	150,512	948,708	13,116,600	7,967,611	5,148,989	7,054,179	6,062,421	9,436,753	3,679,847	8,080,473	5,036,127
Illinois	2,241,842	10,312,725	215,907,400	105,301,724	110,605,676	90,650,479	125,256,921	123,542,544	92,364,856	109,585,621	106,321,779
Indiana	986,500	4,647,417	91,592,300	46,216,759	45,375,541	39,683,906	51,908,394	54,083,122	37,509,178	48,224,953	43,367,547
Iowa	650,580	2,089,404	50,714,500	24,923,616	25,790,884	22,258,519	28,455,981	29,759,928	20,954,572	25,591,959	25,122,541
Kansas	434,425	1,594,040	36,937,100	17,927,554	19,009,546	15,756,718	21,180,382	21,223,805	15,713,295	18,467,823	18,469,277
Kentucky	486,704	2,038,108	37,105,600	20,141,895	16,963,705	17,381,165	19,724,435	23,596,338	13,509,262	20,771,486	16,334,114
Louisiana	459,209	1,882,175	36,773,200	16,181,622	20,591,578	14,171,497	22,601,703	19,126,726	17,646,474	16,779,769	19,993,431
Maine	259,024	1,002,843	19,986,200	9,325,440	10,660,760	8,071,585	11,914,615	10,916,866	9,069,334	9,572,482	10,413,718
Maryland and the District of Columbia											
Massachusetts	672,449	3,733,721	67,173,400	37,469,932	29,703,468	32,628,045	34,545,355	44,388,433	22,784,967	39,448,925	27,724,475
Michigan	1,403,149	4,779,314	125,970,600	54,770,957	71,199,643	47,141,126	78,829,474	64,006,973	61,963,627	56,493,279	69,477,321
Minnesota	1,663,083	8,132,323	157,096,600	80,042,177	77,054,423	70,188,561	86,908,039	94,356,060	62,740,540	81,566,131	75,530,469
Mississippi	729,201	2,453,132	60,841,800	29,598,545	31,243,255	26,296,867	34,544,933	35,144,928	25,696,872	30,099,716	30,742,084
Missouri	257,620	875,469	18,769,600	9,024,449	9,745,151	7,979,355	10,790,245	10,700,026	8,069,574	9,280,119	9,459,481
Montana	907,582	3,539,291	74,588,000	38,830,173	35,757,827	34,149,940	40,438,060	46,039,278	28,548,722	40,087,702	34,500,298
Nebraska	136,030	1,494,597	14,483,000	8,788,245	5,694,755	7,332,727	7,150,273	10,182,828	4,300,172	9,427,086	5,055,914
Nevada	296,696	885,504	21,419,600	11,249,736	10,169,864	10,119,500	11,300,100	13,448,887	7,970,713	11,357,826	10,061,774
New Hampshire	39,261	237,858	4,908,900	2,104,003	2,804,897	1,918,899	2,990,001	2,543,574	2,365,326	2,148,819	2,760,081
New Jersey	168,654	538,640	13,472,300	6,052,102	7,420,198	5,225,253	8,247,047	7,086,632	6,385,668	6,204,008	7,268,292
New Mexico	1,382,696	5,478,749	130,362,900	59,215,908	71,146,992	51,159,550	79,203,350	69,480,815	60,882,085	61,418,653	68,944,247
New York	89,563	222,952	7,360,500	2,850,482	4,510,018	2,609,893	4,750,607	3,441,419	3,919,081	2,876,835	4,483,665
North Carolina	4,346,964	17,986,088	386,053,800	159,593,616	226,460,184	142,946,700	243,107,100	191,003,072	195,050,728	163,476,491	222,577,309
North Dakota	610,833	3,688,483	55,157,306	31,658,201	23,499,105	27,013,332	28,143,974	36,969,598	18,187,708	33,299,434	21,857,872
Ohio	109,060	226,577	8,089,100	3,404,439	4,684,661	3,164,619	4,924,481	4,137,146	3,951,954	3,392,268	4,696,832
Oklahoma	2,075,114	11,956,519	204,726,000	110,911,557	93,814,443	94,860,533	109,865,467	120,421,780	75,304,220	115,278,575	89,447,425
Oregon	435,346	1,417,868	33,541,700	15,908,699	17,633,001	13,893,864	19,647,836	18,781,699	14,760,001	16,540,120	17,001,580
Pennsylvania	382,791	2,644,324	32,405,600	21,838,157	10,567,443	19,378,153	13,027,447	25,879,890	6,525,710	22,097,780	10,307,820
Rhode Island	2,671,383	15,243,355	264,280,700	142,641,646	121,639,054	120,291,584	143,988,716	165,657,469	98,623,231	150,187,736	114,092,964
South Carolina	230,533	846,905	22,141,400	9,558,456	12,582,944	8,078,167	14,063,233	11,086,986	11,054,414	10,015,782	12,125,618
South Dakota	294,105	1,775,935	25,129,894	14,649,477	10,480,417	12,519,245	12,610,649	17,118,114	8,011,780	15,366,947	9,762,947
Tennessee	109,501	256,836	7,956,900	3,233,107	4,723,793	2,949,439	5,007,461	3,903,543	4,053,355	3,279,784	4,677,116
Texas	545,508	6,585,398	48,614,600	36,535,071	12,079,529	30,762,662	17,851,938	42,351,173	6,263,427	38,352,287	10,262,313
Utah	1,361,029	5,772,869	113,938,900	57,148,228	56,790,672	50,005,860	63,933,040	67,677,692	46,261,208	59,696,696	51,242,204
Vermont	169,476	753,484	13,768,000	7,888,069	5,879,931	6,904,144	6,863,856	9,300,499	4,467,051	8,072,894	5,695,106
Virginia	106,619	377,529	9,454,800	4,467,454	4,987,346	3,887,244	5,567,556	5,237,118	4,217,682	4,597,301	4,897,496
Washington	563,579	2,695,221	51,552,500	24,824,163	26,728,337	21,865,058	29,687,442	29,441,359	22,111,141	25,612,615	25,939,885
West Virginia	162,326	7,419,987	62,485,800	44,924,321	17,561,479	39,219,113	23,266,687	53,002,616	9,483,184	46,385,792	16,000,808
Wisconsin	356,301	2,808,377	41,110,500	22,159,394	18,951,106	18,070,539	23,039,961	25,355,390	15,755,110	21,855,787	17,254,713
Wyoming	837,850	3,767,909	75,940,700	38,929,650	37,011,050	34,121,239	41,819,461	46,062,906	29,877,794	25,225,159	35,715,541
United States	58,628	178,997	5,055,500	2,228,728	2,856,772	1,990,850	3,094,650	2,660,604	2,424,806	2,285,972	2,799,528

Mr. Chairman, the power business is a public business. Electricity has become a necessity of our modern life. It must be handled by a monopoly, since it would be too expensive for four or five concerns to supply electricity to one community. Besides, the water power already belongs to the Federal Government.

If we had more TVA's to furnish yardsticks for the rest of the country as well as to supply cheap electricity to the people in every section of the country, just think what it would mean to the progress and prosperity of the entire Nation.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I am very happy, coming as I do from the Second District of Tennessee which is in the heart of the Tennessee Valley development, to note the nonpartisan attitude of the entire membership of this House toward this great project.

It is not a question of whether or not there shall be a Tennessee Valley Authority. It is an accomplished fact. This agency was created and now exists by an act of Congress passed May 18, 1933, which has since been amended from time to time. The act is carried into the United States Code under chapter 12a, section 831, and subsequent sections to and including section 831dd of the code.

The corporation created by the act is a creature of the Congress and was created in the language of the act itself—

For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development and to improve navigation on the Tennessee River, and to control the destructive flood waters in the Tennessee River and Mississippi River Basins.

Wilson Dam, which was taken over by the Authority upon its creation, was built by the United States Government for the production of nitrates used in explosives during the First World War.

This agency was created and was in existence before you and I came to Congress. This governmental agency since its creation has constructed and is now operating the greatest series of dams, hydroelectric plants, and one of the greatest steam plants, and the greatest system for the distribution of electric current in the world.

The construction of the dams which it built could not have been undertaken by private companies because the dams were constructed not alone for the development of hydroelectric power but in the interests of navigation, flood control, and for the national defense. Prior to the construction of Wilson Dam during the First World War the control of the flood waters of the Tennessee River and its tributaries and the improvement of this river and its tributaries for the purpose of navigation had been discussed for a hundred years.

The Federal Government from time to time has spent billions of dollars along the eastern and western seacoasts of

this country, along the Gulf of Mexico, on the Great Lakes, and on the rivers of our country, for the purpose of improving navigation and the prevention of floods. The first extensive expenditure of money by the Federal Government for these purposes on the Tennessee River and its tributaries began with the organization of the Tennessee Valley Authority.

The dams constructed by this agency since its organization on the Tennessee River are: Kentucky, Chilcamauga, Pickwick Landing, Wheeler, Gunter'sville, Watts Bar, and Fort Loudoun.

The dams constructed by the Authority on the tributaries of the Tennessee River are: Norris, Hiwassee, Cherokee, Douglas, Fontana, Appalachia, Nottly Ocoee No. 3, and Chatuge.

The Authority now has under construction the Watauga and the South Holston Dams in upper east Tennessee.

It purchased from power companies the following dams: Hale's Bar, Ocoee Dams Nos. 1 and 2, Blue Ridge, and Great Falls.

As a result of the construction of the dams now completed the Tennessee River is navigable the year round from Knoxville, in my district, to the Gulf of Mexico, to the upper reaches of the Mississippi and its tributaries, and to the Great Lakes. With the completion of the Watauga and South Holston Dams the flood waters of the Tennessee will be wholly under control.

The flood control made possible by this series of dams has materially reduced floods on the Mississippi and there has been no recurrence of the millions of dollars of damage caused by the flood waters of the Mississippi in 1927.

The act creating this authority made it possible to translate the energy of the falling waters of these dams into electric current and at this time the entire State of Tennessee, all its cities, towns, industries, and all the people who use electricity for domestic purposes, including hundreds of farmers, in their homes and in their dairies, obtain their electric current from the Authority. And this is largely true of much of the western section of North Carolina, part of western Virginia, parts of Kentucky, Georgia, Alabama, Mississippi, and Arkansas.

The Government has invested in this project approximately \$800,000,000. A portion of this investment is allocated to flood control and navigation, the balance to power production. The Authority at this time is producing and selling annually 12,000,000-kilowatt hours of electric current.

Because of the great supply of electric power made available by the Authority the town of Oak Ridge and the great atomic plants which produced the atomic bomb were built by the Federal Government in Anderson and Roane Counties in my congressional district on an area of 60,000 acres. The atomic plant was located in this section of Tennessee for the following reasons:

First. Oak Ridge is far from the sea coast, surrounded by mountains, by the Clinch River and by hills.

Second. Because of the vast amount of electric current which TVA was able to furnish.

Third. Because of the unquestioned loyalty of our people who worked on this project.

More than 1,000 scientists were engaged in the production of the bomb and more than 100,000 people worked on the project.

In addition to this contribution to the winning of the war the use of the atomic bombs blew Japan out of the war and blew Russia into it.

In addition to this, because we had TVA power in unlimited quantities the Aluminum Company of America at its Alcoa plant in Blount County, within 16 miles of my home in Knoxville, almost trebled its output of aluminum for war use. It is my conviction that thousands of American boys are alive today who would have been killed in this World War but for the fact that the Aluminum Company of America at its plant at Alcoa was able to turn out all the aluminum needed for the production of war planes and that we made and used the atomic bomb.

The Tennessee Valley Authority and all of its dams, steam plants, hydroelectric installations for the production of electric current and the transmission lines for its distribution are the property of all the people of the United States. It is not a sectional institution. It is national. It is my conviction that its operation and control should not be a political football; that it should be managed and operated by career men solely interested in the interests of the people of the United States.

I have had the opportunity to closely observe the manner in which this agency has been developed and operated from its inception to the present. I was one of the attorneys who represented the Knoxville Power & Light Co. in a suit filed in the chancery court of Knox County, Tenn., to challenge the constitutionality of the Tennessee Valley Authority Act and the power and right of this agency to create, distribute, and sell electric current in competition with private enterprise. This suit was carried to the Supreme Court of Tennessee. I am familiar with the Ashwander case and with the suit brought by the 19 power companies to challenge the constitutionality of the TVA Act.

The Supreme Court of the United States in these last two suits upheld the constitutionality of the TVA Act and the power granted to the TVA by the act.

I am in a position to know, and I state without the fear of successful contradiction that those in charge of this agency have not played politics with it. The men who built and operated this great development are patriotic and capable. Their work has been constructive and not destructive.

The TVA in 1945 and in 1946 paid into the general funds of the United States Treasury \$23,000,000 earned by it during those years. From its earnings over and above the amounts spent for operation, maintenance, and taxes, it has, since it began operating, producing and selling power, reinvested earnings to the extent of \$100,000,000 in power installations and transmission lines, thereby increasing its yearly income.

Of the \$65,000,000 authorized bond issue to enable it to purchase the properties of Commonwealth & Southern Corp. it has retired \$6,572,500 of said issue and has paid into the United States Treasury as interest on said issue the sum of \$4,500,000. It is a going profitable concern.

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Arizona [Mr. MURDOCK].

(Mr. MURDOCK asked and was given permission to revise and extend his remarks.)

Mr. MURDOCK. Mr. Chairman, I heard some remarks made during this debate derogatory to TVA. I regret to hear that. I think TVA is a great modern accomplishment of our Nation. I would like to see more of that sort of engineering development on our rivers rather than less.

I cannot fairly understand the business or political opposition to it, for those features may be safeguarded. There is another thing, though, in a broader aspect that bothers me a lot, and that is the whole question in controversy over proper river control. I have heard it said by some in the debates on the floor of this House through the years that I have been here that if any dams at all are built on our rivers build low dams merely for flood control. There were those who opposed that—who wanted to build higher dams for the conversion of their power into hydroelectric energy for our use. This battle has been raging during these years. I can see only one side of it, for I know dams can serve both purposes.

I was born in Lewis County, Mo., just west of Quincy, Ill., across the Mississippi River. I noticed by the paper the other day that the river is at the highest flood stage in its history west of the bluffs on which Quincy, Ill., is located. I know what that means. I have seen some of the finest farm lands in the State of Missouri covered many feet deep with the raging flood of the Mississippi River right at the time the corn was about in tassel, or before or after, as the case may be. Now, every such flood means great loss of property and often loss of life needlessly, for I believe we could prevent such.

Now, what have we done? We have been carrying on flood control on that river, but getting too little of flood protection and not enough power. How many of the dams built on the Mississippi River produce power? Very few of them.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from Missouri.

Mr. PLOESER. The gentleman is talking now about the Keokuk Dam, is he not?

Mr. MURDOCK. Yes; that is one that produces power.

Mr. PLOESER. That is what I wanted to tell the gentleman.

Mr. MURDOCK. But there are other dams on the Mississippi that do not pro-

duce power. As a young fellow, I took great delight when that great engineer, Mr. Cooper, and others, succeeded in harnessing the Father of Waters by the building of the Keokuk Dam. I wish we had more men with vision like that today. There are those representing private power interests in this country who have fought every effort on our part to put a dam on any river unless it is rendered only half useful. They are even extending that fight into the West where we must build dams to provide storage for irrigation water if we are to have irrigation, and yet when we want to put in penstocks and put in power plants and produce electricity, we are opposed, and even when we succeed in building dams that will produce power, or necessary storage systems to provide incidental power, they fight us when it comes to a disposition of that power. I have never wanted the Government to distribute power to ultimate consumers but it is a short sighted policy not to produce it at all when it is possible.

I think that is short-sighted policy to force the Government to refrain from the fullest possible production. I have heard many times condemnation on this floor on the Republican side of the aisle and some on the Democratic side of the aisle of an agricultural policy which was said to be a "policy of scarcity," plowing under cotton and killing little pigs, and that sort of thing, to bring the price up. I never did sanction that policy in regard to the destruction of crops. I think it is a false policy, but it is just as bad a policy on the part of business to provide for or force an economy of scarcity by failing to utilize the power of nature in moving water through the building of big dams on our rivers as a part of our flood-control program as it is to plow under cotton or kill little pigs. What we want to do is to produce all the food we can produce and produce all the power we can produce and make it available to the American people. I want to see more of the TVA principle applied not only in the southeastern corner of the country—more power to you, my friends from Tennessee, Mr. KEFAUVER, and colleagues—I want to see it extended all over the central part of our country, in the Missouri Valley; and yes, do not forget we need it applied in the West, in the Pacific Southwest, where we have already made great progress but hardly scratched the surface in the production of hydroelectric power.

The CHAIRMAN. The time of the gentleman from Arizona has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

TENNESSEE-VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including not to exceed \$13,000,000 for the construction of South Holston Dam and Watauga Dam and including not to exceed \$6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of 221 and hire of passenger motor vehicles; penalty mail (not to exceed \$20,000); \$22,143,500, together with the unexpended balance of funds heretofore appropriated (the

unobligated portion of such unexpended balance to be expended only for public works commenced prior to July 1, 1947), to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations.

Mr. PLOESER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PLOESER: On page 2, strike out lines 4 to 10, inclusive, and insert the following: "U. S. C., ch. 12A), \$22,143,500, including not to exceed \$3,253,979 for the construction of South Holston Dam and Watauga Dam and not to exceed \$6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of 221 and hire of passenger motor vehicles; penalty mail (not to exceed \$20,000), together with."

Mr. PLOESER. Mr. Chairman, this is a committee amendment which clarifies an error made in the printing of the bill. On page 2 of the bill, in line 4, you will notice the words "including not to exceed \$13,000,000 for the construction of South Holston Dam and Watauga Dam." The amount should have been \$3,253,979. As long as an amendment had to be offered to clear up the point, we have rewritten the language so that it reads somewhat more smoothly. I am sure it has the full concurrence of the committee.

Mr. WHITTEN. Mr. Chairman, the members of the committee on this side of the aisle are in full accord with the amendment.

Mr. PLOESER. This change does not affect the intent of the bill or the money allowed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The amendment was agreed to.

Mr. JONES of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the manufacture and research in the field of fertilizer at Muscle Shoals chemical plant grew out of the National Defense Act of 1916. The plants, however, laid idle after their completion in 1919, while a series of proposals were being considered by the Congress for their use in the public interest. Nearly 150 bills were introduced in the Congress from that time until 1928, when Congress first passed the Norris bill for public operation of the Muscle Shoals facilities, which adequately dealt with the role of fertilizers in relation to basic agricultural problems and operations. The provisions of the 1928 bill became, in 1933, the fertilizer section of the TVA Act.

I would like first to call your attention to the TVA Act itself. The objective of such an undertaking as contemplated in the TVA Act was flood control, navigation, fertilizers, national defense, and the development of power.

Under the provisions of the TVA Act, TVA was instructed to do what it was by then clear the private fertilizer industry could not do; namely, to conduct large-scale, long-term laboratory and pilot-plant research in fertilizer technology with the object of producing better, more concentrated, and cheaper fertilizers; and to arrange with State and local agencies and farm groups for their practical testing and demonstration.

The TVA Act authorized large-scale tests and demonstrations to determine the value, effect, and best methods of fertilizer use and their economic returns. New fertilizer products have to be tested and demonstrated under practical farm conditions. This job obviously can be done most effectively by the institutions traditionally responsible for education in the agricultural field. The TVA Act emphasized collaboration with the experiment stations and extension services of the State agricultural colleges and with the farmers and their organizations.

The decision to produce phosphate rather than nitrogen was an early instance of this collaboration. Experts of the United States Department of Agriculture and the land-grant colleges agreed that the primary need of the valley's agriculture, and for that matter of the agriculture of much of the rest of the Nation, was for phosphate, which had always been deficient in most of the soils. What little was originally there had largely been lost through erosion and leaching as a result of the prevailing summer row-crop system. Without greatly increased use of this plant nutrient, it is impossible to grow forage crops on eroding hillsides, check appalling soil losses, keep silt out of the reservoirs, and incidentally increase production of animal proteins.

The experience of TVA and collaborating agencies and farmers since that time has clearly demonstrated that if the soil resources of our Nation are to be restored and maintained, the farmers who own and manage the land must have access to the vastly greater amounts of concentrated mineral fertilizers necessary for that purpose. Furthermore, farmers must have the opportunity to learn through an appropriate educational process the technically sound practical farming methods, including proper use of the right fertilizers, that will achieve this goal.

Government must lead the way by technological research and development to show industry how to produce concentrated materials which are essential to dealing with the national problems of soil fertility. The fertilizer industry for its part must show a willingness to adopt the tools of modern science and to provide farmers with the plant nutrients their soils require.

All of this requires a continuation of the traditional role of Government in education and research. It necessitates also tremendous increases in the quantities and concentration of mineral fertilizers manufactured by industry, and shifts by farmers away from the use of fertilizers predominantly for the production of row crops to the production of legumes, grasses, and hays in a sound rotating system.

Now let us see how far and to what extent this program has been utilized by the farmers in the test-demonstration areas.

A total of 55,492 farms, covering nearly 8,000,000 acres, have participated in test-demonstration activities since they were begun in 1935. The number of farms

and acres involved by States are given in the following tabulation:

States	Number of counties	Number of farms	Number of acres
VALLEY STATES			
Inside watershed:			
Alabama.....	15	5,296	757,587
Georgia.....	9	2,845	333,113
Kentucky.....	7	786	132,569
Mississippi.....	4	1,438	155,297
North Carolina.....	15	7,845	641,625
Tennessee.....	62	16,988	2,022,891
Virginia.....	11	6,130	888,002
Total.....	123	41,328	4,931,084
Outside watershed:			
Alabama.....	33	420	189,204
Georgia.....	45	1,079	313,344
Kentucky.....	42	1,184	217,271
Mississippi.....	32	777	205,772
North Carolina.....	49	1,202	212,151
Tennessee.....	2	29	4,812
Virginia.....	59	1,210	278,567
Total.....	262	5,901	1,421,121
Total valley States.....	385	47,229	6,352,205
NONVALLEY STATES			
Arkansas.....	26	514	119,608
Idaho.....	8	18	1,753
Illinois.....	16	387	85,516
Indiana.....	47	115	19,348
Iowa.....	31	424	85,556
Kansas.....	12	77	21,184
Louisiana.....	13	291	59,341
Maryland.....	5	116	20,490
Michigan.....	56	1,107	179,394
Minnesota.....	21	254	63,206
Missouri.....	20	357	76,010
New Hampshire.....	10	90	18,318
New Mexico.....	21	69	8,638
New York.....	53	843	115,798
Ohio.....	13	339	55,075
Oklahoma.....	7	74	21,275
Oregon.....	8	45	11,872
South Carolina.....	23	406	65,991
Texas.....	53	1,160	276,910
Vermont.....	11	132	38,781
Washington.....	20	54	10,200
West Virginia.....	13	260	50,806
Wisconsin.....	63	1,131	87,032
Total nonvalley States.....	560	8,263	1,486,102
Grand total, June 30, 1946.....	945	55,492	7,838,307

It has been pointed out by Chancellor Hutchins, of the University of Chicago, that about one-quarter of the arable land of this country is now ruined or severely impoverished, and that there has been a greater loss of productive soil in the world in the last 2 decades than the accumulated loss in all previous history. Whether, as Dr. Hutchins concludes, another century like the last would be disastrous to our civilization may be debated, but surely it cannot be debated that a Nation with our resource information and know-how cannot afford to let its agricultural plant run down at the heels and become impotent to supply its citizens with adequate amounts of nutritious food. Important time already has been lost. We should be warned by numerous examples of underfed nations and undernourished peoples throughout the world. This is not just a farm problem; it is one which is of vital concern to every segment of our society and the United States Department of Agriculture, TVA, and others concerned with the carrying out of the fertility program must bring the facts of our dwindling soil fertility to the attention of the Nation.

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$2,200,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorable) from, or the family of any serviceman who died in, the armed forces of the United States within 4 years prior to the date of application for admission to such housing: *Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority: *Provided further*, That no part of this appropriation shall be used to pay more than the annual contribution that otherwise would be due or payable with respect to any public housing agency less an amount equal to one-half the total sum shown on the books of such agency as of March 31, 1947, as working capital reserve, reserve for repairs, maintenance and replacements, reserve for vacancy and collection losses, and all other reserves: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

Mr. KEFAUVER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the report some charges are made about the Federal Public Housing Authority. I thought there should be some clarification of these charges and so asked the Administrator for comment on them. The statements about which I made inquiry and the Administrator's comment on them are:

Inquiry: A provision of the United States Housing Act of 1937 which called for elimination of one slum dwelling unit for every dwelling unit built by the Government "has been almost completely ignored and the slums have continued to develop and grow."

Comment: FPHA knows of no evidence that would support this statement. The United States Housing Act of 1937 provides, in section 10 (b), "that no annual contributions shall be made, and the Authority shall enter into no contract guaranteeing any annual contribution in connection with the development of any low-rent housing or slum-clearance project involving the construction of new dwellings, unless the project includes the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by the project; except that such elimination may in the discretion of the Authority, be deferred

In any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

As of June 30, 1946—the latest date for which figures are available on equivalent elimination—there were 119,933 dwelling units on projects built under the United States Housing Act of 1937; and the local housing authorities owning these projects had effectuated the elimination of 108,908 substandard units in their respective localities in compliance with their contracts with FPHA. This represents 90.8 percent equivalent elimination. The balance has been deferred temporarily, as permitted by law, in view of the acute housing shortage.

Inquiry: Some FPHA records were in such an "atrocious condition" that a reputable accounting firm declined to audit them.

Comment: On April 30, 1947, the Comptroller General submitted to the Congress a report of a survey of the accounting system of the Federal Public Housing Authority. This survey was made by Price, Waterhouse & Co., a New York firm of independent public accountants, who made the study under the direction of the Corporation Audits Division of the General Accounting Office.

The report of Price, Waterhouse & Co. said: "Our review of the bookkeeping records and financial reports of FPHA has disclosed serious deficiencies in the accounting procedures and in the performance of the bookkeeping work and a resultant lack of accounting control over the assets, liabilities, income, and expenses of the various programs."

The survey was made in the summer of 1946 and was concerned with the accounts for the years ended June 30, 1945, and June 30, 1946. Examination of these accounts necessarily directed major consideration to records and conditions of accounts as they existed in the years before 1946.

FPHA has been fully aware of these shortcomings and has instituted corrective action on its own initiative. Reports of its own Audits Division have pointed out deficiencies and remedial action was begun more than a year before the survey made by Price, Waterhouse.

There were two major reasons for the weaknesses reported in the survey:

1. When FPHA was created in 1942, several types of programs previously administered by other Government agencies were transferred to it. The varied records of these programs had to be brought together and integrated into one accounting system. This huge task is still being carried on.

2. In the period covered by the survey, FPHA used an accounting system suitable for activities carried on with appropriated funds but not suited to the commercial type of operations FPHA was assigned in its war housing programs.

The difficulties presented by this situation were reported by Price, Waterhouse as follows: "Accounts and records for the fiscal year 1945 and prior years were maintained under regulations promulgated by the Comptroller General a number of years ago. * * * This procedure provides for appropriation and fund accounting. * * * However, in the form prescribed, the procedure is not well suited to commercial operations such as those conducted by FPHA, nor does it lend itself to the preparation of statements showing financial position and the results of such operations."

The fact that FPHA had recognized the existence of deficiencies and had taken steps to correct them as early as 1945 is attested by the Price, Waterhouse report:

"The present management [of the Authority] recognized that the accounts and procedures in use in 1945 were inadequate and, at the beginning of the fiscal year 1946 (i. e., July 1, 1945), adopted a revised accounting manual and revised procedures in-

tended to provide both for appropriation accounting as prescribed by the Comptroller General and for financial accounting in the ordinary commercial sense."

Price, Waterhouse stated the opinion that these revised procedures should enable the agency to reconstruct its accounts for the fiscal year 1946 to the extent necessary to prepare an adjusted financial statement suitable for examination. The accountants suggested, however, that this would take time and effort disproportionate to the probable benefits, a view shared by the General Accounting Office.

The deficiencies noted in the report do not involve loose handling of cash or disbursements. This fact is clearly stated by Mr. T. Coleman Andrews, director of the GAO Audits Division, in his letter of April 30, 1947, transmitting the Price, Waterhouse report to the Comptroller General. He wrote:

"The foregoing statement [of deficiencies] is not intended as an implication that there has been laxity in the handling of cash receipts and disbursements. A system of internal control of these is and has been in existence, which should minimize any irregularities in connection with the handling of cash items. The deficiency noted is one of inadequacy of general accounting policies and poor bookkeeping."

Although the substance of the report is concerned with accounts of 1945 and earlier years, Mr. Andrews made this comment concerning the present accounting work of the FPHA:

"The preliminary work now being carried on by this [GAO's Corporation Audits] Division has demonstrated that considerable progress has been made in clearing up old errors and discrepancies and that the recording of current transactions is being carried on in an intelligent, reasonably accurate and satisfactory manner."

Inquiry: More than 31 percent of all public housing intended for low-income tenants is occupied by persons who make more money than the maximum permissible or are otherwise ineligible and FPHA has taken virtually no action to rectify this situation.

Comment: In keeping with the intent of the United States Housing Act of 1937, it is a basic principle of national housing policy that occupancy of low-rent public housing projects shall be restricted to low-income families. FPHA requires that local housing authorities establish income limits appropriate for the housing of such families. Contracts between FPHA and local authorities require the removal of tenants whose incomes exceed such limits.

There are, however, some tenants in Federally aided low-rent projects who are ineligible for occupancy. Some who were admitted as eligible families have become ineligible because of income increases. Others were admitted as war workers to projects that, under an amendment to the United States Housing Act, were used for housing war workers regardless of income for the duration of the war need. When these projects are converted to low-rent use, families with incomes greater than the established limits become ineligible to remain as occupants.

The number of these ineligible tenants is considerably less than the 31 percent attributed to the committee report in news accounts. As of September 30, 1946, only 24.6 percent of the 37,811 families in the 516 low-rent projects were ineligible. In the projects which have been in continuous low-rent use, 22.6 percent of the families were ineligible. In the 127 projects which had been used to house war workers regardless of income, 35.3 percent were ineligible to remain as low-income tenants.

FPHA permitted local housing authorities to postpone removal of these ineligible during the war because their removal would have been disruptive of war production and

orderly demobilization. With the return of peacetime conditions, however, FPHA required local authorities to begin the removal of ineligible. At the present time, FPHA requires every local authority to serve vacate notice to at least 5 percent of its total ineligible tenants each month, beginning with those of highest income. The removals are being spread over a period of time in this manner to minimize the hardships involved in relocating families at a time of stringent housing shortage.

Inquiry: The veterans' emergency housing program is a dismal failure.

Comment: Veterans now living in the 165,511 title V accommodations built by the FPHA, instead of in garages, basements, attics, and crowded apartments with their in-laws will be surprised to learn that the title V program is a dismal failure.

The 120,283 family dwelling units and 45,228 dormitory accommodations provided by the FPHA in the title V program constituted nearly 14 percent of all new housing accommodations of all types erected in the United States by private and public agencies combined during the period from the initiation of the title V program about January 1, 1946, to June 1, 1947. Moreover, during the same period, educational institutions, cities, and other local bodies completed 52,133 additional accommodations using surplus Government structures obtained for them under the title V program by the FPHA.

Title V housing constructed by the FPHA has been built at an average cost of less than \$2,900 per family unit. It is rented to veterans at an average cost of \$31.09 per family dwelling unit per month, including electricity, water, light, and heat. Although the accommodations are temporary and are constructed entirely through the use of surplus Government structures, chiefly Army and Navy barracks, they are built to provide safe, comfortable, and sanitary living accommodations meeting reasonable modern living standards.

The title V program has met an indispensable need during the postwar period. This is particularly true at colleges and universities where the program of GI educational benefits would have been much less effective than it now is if the title V housing had not been provided.

(Mr. KEFAUVER asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the programs set forth in the budget for the fiscal year 1948 for each such corporation or agency, except as hereinafter provided:

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

NATIONAL HOUSING AGENCY—FEDERAL PUBLIC HOUSING AUTHORITY

Mr. Chairman, many city governments and local housing authorities will be adversely affected by provisions of the Government corporations appropriation bill if it is passed as approved yesterday by the House Appropriations Committee, Commissioner Dillon S. Myer, of the Federal Public Housing Authority, said today:

The bill goes far beyond a mere reduction in the funds to be made available to the

Federal Public Housing Authority, Mr. Myer said. The reductions in funds are seriously severe in themselves, but the bill also sets up at least four conditions which may necessitate violations of contracts made in good faith between the Federal Government and local governments.

The bill as introduced would reduce FPFA's funds for administrative expenses from the \$15,600,000 requested in the President's budget to \$10,400,000 and also reduce the amount available for annual contributions to local housing authorities operating low-rent projects from \$7,200,000 to \$2,200,000.

The amount of \$7,200,000 for annual contributions was requested as the best estimate of the amount FPFA actually would need during the coming fiscal year for payments it had contracted to make to local housing authorities.

These contracts were made under authority of the United States Housing Act of 1937, FPFA pointed out. This act provides that—

The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for.

Local housing authorities have constructed publicly owned housing projects on the strength of this promise of annual assistance and issued bonds based on the assurance of Federal aid in meeting the difference between rental income and operating expenses. An appropriation falling \$5,000,000 short of fulfilling these contracts might expose the Federal Government to suits by local housing authorities and private holders of local housing authority bonds to compel full payments due under contracts.

The bill also includes a proviso forbidding any payment of a Federal contribution to a local housing authority which has made payments in lieu of taxes to local governments in excess of the amount specified in the original contract. Contracts vary widely in respect to provisions for such payments in lieu of taxes. A review of contracts now in force indicates that at least 102 of the 272 housing authorities affected would be prohibited from making any payments in lieu of taxes under terms of the appropriation measure as it now stands. At least 61 others would be compelled to reduce their payments in varying amounts. Contracts covering more than 100 more projects have not yet been analyzed.

Stoppage or reduction of payments in lieu of taxes would throw an added burden on the municipalities involved. All of them have provided extra services such as schools and police and fire protection to the housing projects. Many localities have complained that payments in lieu of taxes from the projects have been insufficient to cover the cost of these local government services.

Furthermore the bill would condition payment of the Federal contribution to local housing authorities on a 50-percent reduction by the authorities in the amount of reserves held by them. These reserves are set up to cover repairs, maintenance, replacement, vacancy and collection losses, and other expenses likely to be encountered during the anticipated 60-year life of the projects. These

reserves are provided for both in the local authority's contract with the Federal Government and the resolutions under which bonds are issued. They thus involve private bondholders as well as Federal and local government agencies. These contracts cannot be tampered with without subjecting the United States to legal liability.

The existence of reserves is not only dictated by prudent business management but also has contributed to the favorable market enjoyed by local housing authority bonds.

The reduction in funds authorized for administrative expenses is so sweeping that it would require a reorganization of FPFA and a sweeping modification of its program involving discontinuance of functions and consolidation of offices. The present staff paid from administrative funds is approximately 3,500. Preliminary analysis indicates that the maximum staff which can be carried on administrative funds after reductions are made is about 1,720 people, or less than 50 percent of the present staff.

Such drastic reductions might have the effect of reducing the income paid to the Treasury because of inadequate supervision and technical services. If its programs can be conducted according to plan during the fiscal year 1948, it is estimated that a net cash return of \$57,000,000 beyond the \$15,600,000 requested for administrative use will be returned to the Treasury from housing management profits alone. To this will be added an estimated \$30,000,000 from the sale of war housing. These are cash figures. On the basis of sound accrual accounting, FPFA operations for the year are expected to show a net return of \$153,000,000.

The bill also imposes an arbitrary ceiling on the proportion of FPFA employees who may be employed in higher-paid positions. This provision is extremely dangerous to the efficiency of the agency because its responsibilities are largely supervisory in character. This emphasis on supervisory functions requires higher grades of personnel than are used for the routines of personnel and fiscal administration.

Mr. COUDERT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from California [Mr. HOLIFIELD] seems to be very much disturbed by the provision in the bill that sets a limit on the amount of this appropriation that can be used for the payment of subsidies to low-rent public housing. I think if the gentleman were to read the record of the testimony and read the report carefully, he would find it is not the intention of the committee, in any way, shape, or form, to affect the legal obligation, contractual obligation, incurred by the United States Housing Authority, pursuant to the Housing Act, for the payment of subsidies. Whatever those obligations are, they are fixed by law. We could not change them if we wanted to, and we have no intention of changing them.

What that limitation in effect means is simply this: the committee estimates that under existing conditions that sum will be sufficient to meet all of the Authority's obligations for the payment of subsidies. Two of the principal conditions that affect the payment of subsidies are these: In the first place, the committee's investigators discovered that a great many of these housing projects under the jurisdiction of the FPFA had become accustomed to accumulating very large reserves, wholly out of proportion to the circumstances under which they came into existence and continue to exist. The aggregate total of those reserves for all of the housing subject to the FPFA amounted to some \$40,000,000. That \$40,000,000, or the greatest part of it, is not only taken out of income earned from rentals on those projects, and cause thereby an increase in the subsidy liability, because the Government has to make up the difference, but it had also invested it in interest-bearing bonds. So that these housing projects have taken money out of their income that should have been paid for regular expenses, debt retirement and interest, and allowed the subsidy to make up the difference and, on top of that, have invested those funds in Government bonds, and in that way got a further subsidy in the form of interest.

The committee has simply said that until those projects use at least half of those swollen reserves to pay their operating expenses, they may not get a subsidy to that extent.

The other condition that affects the amount of subsidy payable under the contracts and the law is the fact that some 23 percent—that I believe is the statement in the record from the Commissioner—some 23 percent of the residents of these low-cost public housing projects are in income classes far above the maximum ceiling established for those communities, and have been paying rent above the proper maximum rent.

The result has been that the income of the project has been sufficient to carry it, either entirely, as in some cases, or very substantially as in others, and thereby obviate the necessity of any subsidy payment. I believe that disposes of the matter of the subsidies. If we are wrong and more than \$2,000,000 is required to pay, then the obligation exists and will have to be met.

As to the operating costs of this agency, as I listened to the remarks of my friend from California I found them strangely reminiscent of the style of the gentleman who is Commissioner of this agency. I call attention to the record and the report of our investigating committee. We gave this agency what we believed was reasonable, proper, and necessary for them to do the job for next year.

The CHAIRMAN. The time of the gentleman from New York has expired. The Clerk read as follows:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: Not to exceed \$800,000 (to be on an accrual basis) of the funds of the Export-Import Bank of Washington shall be available dur-

ing the fiscal year 1948 for all administrative expenses of the bank, including not to exceed \$100 for periodicals, \$200 for newspapers, and \$200 for maps; health-service program as authorized by the act of August 8, 1946 (Public Law 658), and not to exceed \$24,000 for temporary services, as authorized by section 15 of the act of August 2, 1946 (Public Law 600): *Provided further*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the bank or in which it has an interest, including expenses of collections of pledged collateral, or the investigation or appraisal of any property in respect to which an application for a loan has been made, shall be considered as nonadministrative expenses for the purposes hereof.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to congratulate the committee on the language which appears in its report, page 7, wherein it refers to the Export-Import Bank of Washington and states:

While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States.

Mr. Chairman, the International Bank for Reconstruction and Development is now attempting to get on its feet, and I am taking this time to issue a word of caution to the officials of that bank, because, in my opinion, the only way the Bretton Woods proposal, insofar as the International Credit Bank is concerned, can possibly succeed is for the Bank to be operated in such manner as to keep the necessary confidence in the minds of our people to purchase the debentures which are to be issued by the Bank. In other words, the lending possibilities of that Bank are dependent upon you, and I, and other citizens continuing our savings and buying those debentures to furnish the dollars necessary to the Bank to extend credit to the other nations of the earth.

Here is a case in point: The Iranian Government has an application before that bank for a loan of \$250,000,000. Previously I have obtained permission in the House to insert as part of my remarks certain correspondence between the Ulen Realization Corp. and Secretary Marshall and the corporation, correspondence also with me and with the J. G. White Engineering Corp. These people went into Iran as far back as 1928 and built a railroad for that country. That railroad handled our tonnage during the recent war. Under date of May 28, 1947, the State Department through the American Ambassador in Tehran handed the Iranian Government a check for nearly \$400,000 for services of the trains of the Iranian Railway to the United States Army from July to December of 1945. Now, mind you, this road was built by American engineers and American capital.

The Iranian Government stepped in without previous notice and drove our citizens off of this construction job, confiscated their records; and since that time, way back in 1930, the Iranian Government has steadfastly refused to make settlement with our people for their claims amounting to over \$1,048,000; and yet, here we are proposing to finance the International Credit Bank with our funds to lend to a country which refuses to meet its obligations to our citizens.

This whole matter is on the up and up and is officially before our people, and I take the floor here for the purpose of questioning the State Department and the other departments of the Government O. K.'ing these applications before the International Bank for Reconstruction and Development without in any way protecting the interests of the American people who have legitimate claims against these governments who desire to negotiate these loans. That is the most effective way I can imagine for the International Credit Bank and the State Department to break down the confidence of our people in those debentures that are to be issued by the Bank. I call upon the State Department and the Treasury Department of our Government to pay some attention to the financial liability of other countries to our own citizens, especially where we go in and build these private jobs.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, if the Export-Import Bank is to proceed as recommended by the committee on page 7 of the report, that is to direct its lending powers for stimulating the foreign trade of the United States, then if our people create claims against these foreign countries which they refuse to pay, just where are we to land in the operation of the Export-Import Bank as well as the International Bank for Reconstruction and Development insofar as American dollars are concerned?

I wanted to get this officially before the Members of the House because they may have similar cases come up with people who are constituents in their districts.

Mr. Chairman, I include as part of my remarks the following communications:

ULEN REALIZATION CORP.,
New York City, June 5, 1947.

Gen. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

MY DEAR GENERAL MARSHALL: A recent press statement prompts me to bring to your attention one further observation in the matter of the Iranian Government's refusal to honor its debt to Ulen Realization Corp. of New York City for services rendered.

The statement to which I refer is a United Press dispatch from Tehran, dated May 27, 1947, which announced that the State Department on May 26, 1947, through the American Ambassador in Tehran, handed to the Iranian Government a check for nearly \$400,000 for services of the Trans-Iranian Railway to the United States Army

from July to December 1945. This was the final payment of a much larger amount paid to the Iranian Government for the use by our Army of the Trans-Iranian Railway during the period that our troops were stationed in Iran.

Ulen makes no protest against these payments, for certainly our country could not long maintain its international reputation for honesty and integrity if it did not discharge promptly its contractual obligations.

It is, however, an interesting commentary that our Government should pay Iran for the use of a railway facility when the American company that built the road has, since 1930, been denied reimbursement for its expenditures or paid for its services.

Your files will show that the construction of this railway, used by the United States Army, was initiated by Ulen in 1928. Since May 13, 1930, when the Iranian Government, without cause and without consultation or prior notice to Ulen, arbitrarily and unilaterally canceled Ulen's contracts, the company's protest against mistreatment and nonpayment by the Iranian Government has been on file with the State Department.

The Department on various occasions has stated to Ulen that "all appropriate assistance" would be furnished to assist Ulen to collect outstanding balances from the Iranian Government. To date, no assistance has been forthcoming from the State Department and paradoxically this cash payment of \$400,000, as well as previous payments, was handed over to the Iranian Government, without even reminding that Government of its long outstanding obligations and default to Ulen.

While Ulen does not protest its Government's payment to Iran for the use of these facilities, it does protest the State Department's continuing failure to use any and all opportunities to impress upon the Iranian Government that, in order to maintain the respect of the American Government and people, it must, in turn, respect the rights of the Americans who in good faith have rendered services to the Iranian Government.

For the Department's file in this matter, there is attached a photostatic copy of an original letter written by the J. G. White Engineering Corp. of New York City to Mr. Eugene R. Black, United States Executive Director of the International Bank for Reconstruction and Development. This letter will indicate to the Department that it also has a responsibility to other important American interests as well as to Ulen in this matter.

I have taken the liberty of addressing this letter to your home inasmuch as I am sure that previous correspondence relative to this matter has not been called to your attention.

Respectfully yours,

FRANK H. REDIKER,
Agent and Attorney in Fact for Ulen
Realization Corp.

ULEN REALIZATION CORP.,
New York June 6, 1947.

Hon. FRED L. CRAWFORD,
Member of Congress,
Washington, D. C.

DEAR CONGRESSMAN CRAWFORD: Knowing of your interest in banking and foreign credit I am taking the liberty of bringing a matter to your attention which I think will be of interest to you.

Ulen, in good faith in 1928 entered into contracts with the Iranian Government for the construction of the southern portion of the Trans-Iranian Railway. Associated with Ulen in this enterprise were three famous engineering firms of world-wide experience and reputation—The J. G. White Engineering Corp. of New York, the Societe de Construction de Batignolles of France and Stewart & MacDonald Ltd., of London. After constructing 251 kilometers of railway, four large bridges and 2,000 meters of timber trestle in the record time of a little over 1 year after the first arrival of materials and equip-

ment, the Iranian Government, after repeated contract violations, and without consultation or prior notice, arbitrarily and unilaterally canceled the contracts. This action on the part of the Iranian Government resulted in their owing Ulen and associates \$1,048,585.42. Despite repeated requests for settlement of this debt that Government and its legal counsel (the Dean Acheson law firm) have steadfastly and consistently refused to discuss or settle the matter.

When the Iranian Government canceled the contracts Government military troops moved in evicting our personnel and forcibly took possession of all records, material, equipment, etc. Ulen kept its accredited representative in Tehran for 2½ years attempting to negotiate a settlement of outstanding differences but to no avail and to illustrate the Iranian Government's methods, when our representative was prepared to return to the United States that Government held him as a hostage, and it was only through a long delay and diplomatic intervention that he was able to obtain an exit visa.

This same Government of Iran, in default to Ulen for over 17 years, has now advised the International Bank for Reconstruction and Development of its intent to make formal application for a loan of \$250,000,000 from that organization. Apparently, that Government has our State Department support.

It is reported that on May 26, 1947, the State Department, through the American Ambassador in Tehran, handed the Iranian Government a check for nearly \$400,000 for services of the Trans-Iranian Railway to the United States Army from July to December 1945. This was the final payment of a much larger amount paid to the Iranian Government for the use by our Army of the Trans-Iranian Railway during the period our troops were stationed in Iran. It is an interesting commentary that the United States Government should pay Iran for the use of a railway facility which Ulen initially built and all efforts of the latter have been to no avail to obtain reimbursement.

The State Department has on various occasions stated to Ulen that all appropriate assistance would be furnished to collect outstanding balances from the Iranian Government. Curiously enough, to date, no assistance has been forthcoming from the State Department and paradoxically the cash payment referred to above was handed over to the Iranian Government without even reminding that Government of its long outstanding obligations and default to Ulen.

With reference to the Iranian Government's request to the International Bank for a loan of \$250,000,000; the State Department's subservience to Iran's every whim including the approval of a \$30,000,000 credit for war and surplus equipment and matériel, it will be understood if Ulen expresses anxiety at the prospect of the Government of Iran acquiring substantial credits at the expense of American investors, while refusing even to discuss the matter of settling its admitted legal obligations.

I am attaching hereto certain documents which clearly set forth Ulen's position in this matter as well as that of the J. G. White Engineering Corp. of New York.

Should you require any further documentation or information I am available at all times to furnish it.

With kindest regards, I am,

Sincerely yours,

FRANK H. REDIKER,
Agent and Attorney-in-fact for Ulen
Realization Corp., University Club,
Washington, D. C.

THE J. G. WHITE ENGINEERING CORP.,

New York, May 19, 1947.

Mr. EUGENE R. BLACK,

Executive Director, International Bank
for Reconstruction and Development,
Washington, D. C.

DEAR MR. BLACK: This is to advise that we are following with interest Ulen's endeavor to collect its claim of \$1,048,585.42 against the Government of Iran arising out of the latter's arbitrary and unilateral cancellation of Ulen's contracts for the construction of the southern portion of the Trans-Iranian Railway.

As you probably know, the J. G. White Engineering Corp., together with the Societe de Construction de Batignolles of France and Messrs. Stewart & McDonnell, Ltd., of London, participated with Ulen in the contracts entered into.

Our company is understandably anxious that settlement of this claim be made so that we may be credited with our proper percentage of participation therein.

In light of our position, it is assumed that the granting of any substantial credits to the Government of Iran will not be consummated until such time as this long overdue debt has been satisfactorily settled.

Sincerely yours,

E. N. CHILSON,
Vice President.

Mr. DAWSON of Utah. Mr. Chairman, I move to strike out the last two words.

(Mr. DAWSON of Utah asked and was given permission to revise and extend his remarks.)

[Mr. DAWSON of Utah addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was greatly interested in the remarks made by the gentleman from Utah; and I am happy to inform the gentleman and the House that this committee is making an attempt, at least in this bill, to bring the Export-Import Bank and all other lending and spending agencies of the Government within and under the jurisdiction of the Congress of the United States. I can readily understand the concern that many people have about this lending of their money by the billions quite promiscuously over the world, and for that very reason this committee, as I said before, is attempting to not only look into the administrative expenditures of all these Government corporations but also to look them over thoroughly and, if necessary, to be in a position to limit their lending authority.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. JENNINGS. I notice in the Washington Post today a news item to the effect that this Export-Import Bank—it is an American institution, I suppose, or if it has any money at all, it certainly is American to that extent—is proposing to lend to Poland, a Russian satellite state \$600,000,000 to rehabilitate and operate the coal mines of Poland, which means that if they get that American

money they will use it to equip Russian armies, some of whom have already taken over Hungary, and others are undertaking or shortly will undertake to take over Austria and perhaps Italy and perhaps France.

In addition to that, today's paper carries the news item that the armies of Mongolia, a Chinese province that we helped to take away from our Chinese Ally in the last war and turned over to Russia, are now undertaking an invasion of a great Chinese province which is a short route to India. Yet we say that we ought to keep on pouring money into the capacious maw of the Russian Soviet nation. It is just cockeyed. I do not know when we are going to stop, but there ought to be some great lunatic asylum where we could put people like that and prevent them from undoing this country.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Ohio.

Mr. BREHM. I am certain members of the House Committee on Foreign Affairs could allay all the fears of the gentleman from Tennessee. If they pass the bill they now have up, the Voice of America, it will tell these countries that we gave it to them, and that will make everything all right, according to some of those who favor telling them as well as giving them.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. The gentleman from Michigan [Mr. CRAWFORD] was talking about the International Bank and presuming they would sell bonds to the American people. If my memory serves me correctly, after the last World War the Bank of America did sell securities of many South American countries, and the bonds of all of those countries, with one exception, were defaulted. Is there danger of that thing happening here again? Are the American people going to be asked to buy these bonds and securities that may be put out; and if so, can we profit by the experience after the last war, when the American people were left holding the bag?

Mr. JENSEN. The gentleman knows that neither he, nor I, nor this committee, nor anyone else in America can assure him that we will not have a repetition of the conditions we had after the last war. We do know that unless we can cure, and soon, the destructive New Deal disease spendomania, we will have a repetition, and it will not only be of equal detriment to America, it will be a detriment tenfold greater than what we had after World War I, which will, of course, destroy America. It is up to us as Members of Congress and the American people generally through the voice of the Congress to see to it that America does live and progress and prosper. Surely with all the blessings we enjoy in

this fair land that is not an impossible task. But it may take the combined will and strength of every true American, so let us all put our shoulder to the wheel by doing the right thing. We can always count on our colleague from Nebraska [Mr. MILLER] to do the right as he sees the right, and for that we all respect you, Doctor.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, two or three times today I have heard Members rise and quote the crazy speeches of Henry A. Wallace.

Let us not overlook our other ambassador of misinformation, Mr. Harold Stassen, who got all the way to Moscow. If there ever was a time on earth when America was fully misrepresented, in my opinion it was while Wallace was speaking in England and Stassen was talking in Moscow.

Wallace's craziest speech was made to the Negroes down in Alabama the other night. He made a Communist speech to a Negro audience in Alabama, and they say that even some of the Negroes who heard him are holding their noses yet. The Negroes in the South have more sense than to believe the stuff Wallace is preaching. They know that what he is preaching under the auspices of this so-called Southern Conference for Human Welfare, which is nothing in God's world but a Communist-front organization, is doing them immeasurable harm.

When you disturb the peaceful relationship that exists between the Negro and the white man, the Negro always suffers. They are getting along fairly well in the South. But when Henry Wallace goes down there and makes a crazy speech to try to stir up friction between the white people and the Negroes, he is doing the Negroes more harm than he could possibly do them good, to say nothing of the injury he is doing the white people of the country.

Mr. COUDERT. Mr. Chairman, I move to strike out the last three words.

I want to say one word, Mr. Chairman, in reference to the remarks of the gentleman from Nebraska [Mr. MILLER], which may have left some Members in confusion as to the role of the Export-Import Bank and that of the International Bank, which is an entirely different bird. If the Export-Import Bank follows the admonition of this committee it will no longer make foreign government reconstruction loans in competition with the International Bank, but will hereafter confine itself to its original and traditional role of making export-import loans.

I may say that at the hearings before the committee the President of the bank appeared to recognize that position quite fully.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. CRAWFORD. The reason I was complimenting the committee so much was that the Export-Import Bank was authorized to lend up to some \$3,500,000,000 to fill in the gap between the creation of the Bretton Woods agreement, which brought into operation the International Bank for Reconstruction and Development, and the time the Bank got into

its walking suit, you might say. Now, the International Bank for Reconstruction and Development is ready to make loans. This committee has recommended that the Export-Import Bank step out of that field. You did a great job when you made that recommendation and the Congress should back you up in it. The Export-Import Bank has no business making these foreign loans to foreign governments. I am talking about rehabilitation loans. Let the International Bank for Reconstruction and Development make those loans. Let the other countries participate instead of insisting that the people of the United States provide all the credit. Out of the 44-member banks to that agreement, only the United States is now proposing to extend credit. That is unfair. It is not in keeping with the general concept. It is up to the Members of this Congress to notify our people of what is going on.

Mr. COUDERT. Needless to say, the committee is delighted that the gentleman agrees with our conclusions. Let me say to him further that reference in the report to the matter is all that the committee had power to do, under the existing state of law. If this bill passes, next year the committee will be able to take more effective and affirmative action in dealing with these situations.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. Will the gentleman tell me where the International Bank will get its funds for operation?

Mr. COUDERT. Of course, that is not within the purview of this subcommittee. But as far as I know, it gets its capital from contributions from the various signatory nations. I think the United States, of course, contributes by far the largest part—30 or 40 percent.

Mr. MILLER of Nebraska. Do we get that by selling debentures and bonds to the American people?

Mr. COUDERT. As I understand it, the Bank sells, if it can, its debentures to the American people or others. These debentures are guaranteed by the United States to the extent of the total American subscription to the Bank's capital funds. So, in effect, they are Government bonds to that extent.

Mr. MILLER of Nebraska. I remember after the last war there were some of these foreign Government-guaranteed bonds. I have in my safety deposit box now a slip of paper that a banker sold to me as being backed up by the United States, but I soon found it was not worth very much in money. My memory may be short, but it is not going to be short enough to buy any more of such debentures and bonds, knowingly.

Mr. COUDERT. At least, the gentleman will not buy any debentures from the Export-Import Bank, because that bank sells them only to the Treasury.

The CHAIRMAN. The time of the gentleman from New York [Mr. COUDERT] has expired.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I question whether I should needlessly delay the committee

here. I do not mean to differ with my friends in their discussion of loans to foreign countries by the Export-Import Bank. However, I do feel that it should be pointed out that the operation of this bank and the loans made under it to date are vastly superior over certain other actions that this Congress has taken. I think I am in a position to discuss this because my voting record is conservative. I voted against the British loan because I thought the loan should be made by the Export-Import Bank. You voted a few weeks ago for these two loans, one to Greece and Turkey and the other to the Balkans. Those are for loans that will be used in those countries. Under the Export-Import Bank, first an application must be made and the representatives of this bank have a right to look over and demand that the applicants submit the basis on which repayment will be made. They arrive at an agreeable rate of interest and the terms under which the loan will be repaid.

Here is something else. They provide not for the sending of American dollars abroad, but they extend credit, which must be used to buy American products.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. Yes, certainly I yield.

Mr. COUDERT. I just wanted to say one word, to make it perfectly clear. I hope the gentleman will bear me out, the committee has no criticism whatever of the officials of this bank. We were very much pleased and well impressed with the appearance of its officials in our hearings. We have no word of criticism.

Mr. WHITTEN. The distinguished gentleman is correct and I want it understood that I am not trying to deliver a lecture to the majority members of my own committee, but I would like to point out that if this Nation has any obligation to help these nations to reconstruct their railroads, their industry so they can be self-sustaining and if you intend doing anything toward that end you had better do it under the Export-Import Bank, where they will repay it and where it is an extension of credit to buy American goods, and whereby you can control the expenditure of the money, rather than by a direct grant, as this Congress has done time after time in recent weeks, I might say most of the time against my vote. Certainly, I think the operations under the Export-Import bank are much better. I voted against the British loan for no other reason than I thought you ought to have a definite understanding with reference to repayment so that there could be no misunderstanding in future years when the payments fall due and, further, that credit should be extended to purchase American goods instead of cash. You mark this, the British people at the time that loan was made felt that we ought to give it to them. We felt that they ought to repay it. When the time for repayment comes you are going to see that there will be hard feelings about what each understood about the loan; but under the Export-Import Bank practices there would have been a definite understanding, there would have been a submission by the British Empire of their tax structure

and a showing of where they were going to get the money to repay it. Then, too, they could use that credit in this country to buy American goods and would therefore have appreciated the obligation to pay for that which they had. As it is, however, British public sentiment, to a large extent, takes it for granted they should not repay, because we owe this to offset their expenditure, pending the time that we got ready to get into this war.

The Export-Import Bank has been by far the best method we have used in dealing with this matter of loans. I differ with the committee in their handling of this item. I think they showed poor judgment. We are rapidly approaching the time of repayment and then is the time when they should have supervision so that they could see to it that the repayments are made. Naturally in that case the administrative expenses should go up if they are to do a good job; and I think the committee was short-sighted in that regard.

Mr. COUDERT. The fact is that we gave them \$40,000-odd more than they got in the current fiscal year.

Mr. WHITTEN. But the test comes in the break-down of the number of their employees. That indicates that during the lending operations they had but few personnel. While the gentleman is correct the bill provides more money than they had last year it is considerably less than was requested; and I think you will agree that Mr. Martin, the gentleman who represented the bank before the committee, made as fine a showing as any witness who appeared for any corporation and has made a presentation of the necessity for administrative funds to bring back to the Government of the United States the funds which we have lent in good faith and which the foreign governments have agreed to repay.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. The Clerk read as follows:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and not less than 40 percent of the remainder of such net income into the Treasury of the United States as miscellaneous receipts. In the 10-year period ending June 30, 1958, and in each succeeding 10-year period until the aforesaid total of \$348,239,240 shall have been paid, not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness, shall be so paid. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Mr. GORE. Mr. Chairman, I ask unanimous consent that my distinguished colleague, the Honorable EARLE C. CLEMENTS, a great friend of TVA, may be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CLEMENTS. Mr. Chairman, upon every occasion when TVA legislation has been considered during my incumbency it has been my pleasure to give it my support. I consider this constructive program of regional development one of the outstanding contributions and accomplishments of the great Roosevelt administration.

The bill under present consideration provides appropriation for not only the continuation but for further development of this immensely worth-while undertaking. The bill provides money for construction of two hydroelectric dams and for chemical plant facilities for fertilizer research, experimentation, and production. I am particularly anxious to see developed better and cheaper forms of fertilizer in order that private industry can better meet the needs of farmers for plant food. Although I am glad to see the appropriation being made in this bill for that purpose, I regret that the committee has reduced the appropriation by \$2,000,000 below the President's budget request.

In addition to the afore-mentioned construction appropriation, the bill makes provision for the general operation of the TVA flood control, navigation, fertilizer, and electric-utility programs. I cannot emphasize too strongly, however, that it is false economy to cut the President's budget estimate in this bill.

It is with pleasure that I again support the TVA. I cannot close these brief remarks, Mr. Chairman, without expressing concern over the legislative provisions of this bill, lest they tend to alter the basic program and policy of the TVA. I am pleased with the TVA as it is and see no necessity for these legislative amendments. It has been conducted with wisdom and foresight, and I want it to continue as a mighty factor in the prosperity and happiness of the country it serves.

The Clerk read as follows:

Regional Agricultural Credit Corporation of Washington, D. C.: Not to exceed \$200,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including supervision and examination by the Farm Credit Administration and services performed for the Corporation by other Government agencies, and not to exceed \$3,200 for penalty mail; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That no other funds shall be available for administrative expenses of the Corporation: *Provided further*, That of the funds available to the Corporation for administrative expenses, not to exceed \$20,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Mr. PLOESER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wanted to say just a word or two on the subject of the Inland Waterways Corporation. You will recall that minority views were embraced

in the report last year which minority views expressed the thought that this Waterways Corporation should be sold. There has been a feeling all along on the part of the subcommittee that they probably have not completely satisfied their legislated purposes, and this year in trying to make a more thorough investigation of the affairs of this particular enterprise on the part of the Government, the committee being aware of the fact that the Small Business Committee of this House was studying all forms of government in competition with private enterprise, requested the Small Business Committee to make their study of this particular Government Corporation in time to be able to report it to the Appropriations Committee. The cooperation between the two committees worked out very well. The report was made and it was adopted by the Subcommittee on Appropriations for Government Corporations and incorporated in part 3 of the hearings which is devoted entirely to the Inland Waterways Corporation.

Under unanimous consent which was previously granted in the House, I will therefore extend at this point in the RECORD the report made by the Small Business Committee to the subcommittee and which was subsequently adopted. I do this in order that the Members may clearly understand the matter.

(The report referred to follows:)

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES,
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D. C., May 14, 1947.
To: Subcommittee on Government Corporations, Appropriations Committee.
From: WALTER C. PLOESER, chairman, House Small Business Committee.

INTERIM REPORT ON HEARINGS HELD ON INLAND WATERWAYS CORPORATION

1. The Government should get out of the barge business, and we are concerned only with recommending when and how that should be accomplished.

At the moment the Federal Barge Lines is being managed by capable people who know the barge business, but this has not been true in the past. Some portion of the losses may be attributed to the pioneering nature of the project, but poor management and political pressure would seem to have been contributing factors. The fact that the present management has reduced the budgetary pay roll from approximately 2,213 to less than 1,700 people over a period of 10 months, while the tonnage at the same time has increased substantially, demonstrates this fact.

Past labor policy would seem to have had a part in causing the Corporation's difficulties. In 1924, furthermore, the War Department transferred to the Corporation assets appraised at \$10,362,843, which were actually worth much less and possibly as little as \$1,500,000. The Corporation added to its difficulties by overestimating the useful life of its equipment and charging it off at 3 percent, whereas it should have been charged off at 4 or 5 percent. Finally, and most important, the Corporation has gone along with obsolescent equipment and antiquated methods in the face of rising labor and maintenance costs. Little thought was given to better management personnel, new methods, new types of floating equipment, and labor-saving terminal equipment until the situation took on the proportions of a first-class emergency. Political considerations and outside pressures also appear to have contributed to the situation.

All of this would seem to show that, even though the present management is excep-

tionally able, the Government has no business in the barge business as a permanent matter.

2. It appears desirable that the Warrior River unit should be sold as quickly as possible.

No funds should be expended to rehabilitate or further develop this division, which has not met its operating costs in any one year and which has been unsuccessful from the beginning. It is suggested that municipalities and civic groups in the locality be contacted with the idea of interesting them in promoting the organization of a corporation which could purchase the barge line and carry on the present type of service. If no interest is displayed by these groups within a year, then we suggest that the division be offered publicly to the highest bidder, reserving the right to reject any and all bids. In either event, the purchaser should not be required to maintain the same type of service as Federal. In view of the continuing losses experienced in the past, we see no reason for that requirement. If no buyer can be obtained within 2 years, the service should be discontinued.

It should be noted that in the concluding hearing on May 12, a letter from H. E. Parker, president of the Warrior & Gulf Navigation Co., was read into the record which indicated that this company may be interested in negotiating for the purchase of the Warrior unit.

3. It is recommended that the Mississippi unit should be sold in a unit as a going concern.

On the basis of present accounting practices, the Mississippi unit, considered alone, shows an over-all net operating income of \$803,000 as of January 1, 1947.

The Government has spent millions to establish this common-carrier barge service. Discontinuance at this time would result in writing off a large part of this investment and the public benefits of the service as a total loss. Existing privately owned barge lines would not provide comparable service.

The Federal Barge Lines has the most extensive joint barge-rail through route and rate structure. Furthermore, the privately owned barge lines generally avoid less-than-bargeload shipments and so-called merchandise or package freight since bulk shipment in bargeload quantities is more profitable.

If the Corporation discontinued service at this time, small business would be driven from the river, since it ships almost entirely in less-than-bargeload quantities. The benefits of river transportation would be restricted to a comparatively few large shippers of bulk freight in bargeload quantities. In effect, river transportation would then be available only to shippers of coal, steel, grain, sulfur, oil, and a few other bulk commodities.

Finally, we believe that the committee should not lose sight of the effect upon the rail-barge rate case (ICC Docket 26712) which has been pending since 1934. The principal advocate of the water carrier's position is the Federal Barge Lines. If the Inland Waterways Corporation is sold in a unit as a going concern, proper prosecution of this case will be assured. On the other hand, if operations are discontinued, a large part of the rates involved will for all practical purposes drop out of the litigation.

4. We recommend that Congress approve rehabilitation of the Mississippi unit.

If the Corporation is to continue its service, it appears that new equipment must be purchased almost immediately. Present equipment is in such bad condition that maintenance costs are prohibitive.

Admittedly, several million dollars for complete rehabilitation is a large sum of money but, when considered from the profit-and-loss point of view, it takes on a different perspective. If it can convert the present

annual deficit into a substantial annual profit, as forecast, the expenditure will be well justified.

When a detailed prospectus of future operations is prepared and checked against the actual results of operation of a demonstration unit of the proposed integrated tow, the measure of the justification will be clear. This demonstration unit will cost an estimated \$1,000,000. If the test shows that the integrated tow is a failure, no further expenditure should be made for this type of equipment and the amount required for rehabilitation will be substantially reduced.

From the engineering data, it appears that the proposed new equipment would substantially reduce both towing and terminal costs. The so-called integrated tow should reduce towing costs by about half. Container and pallet equipment should reduce the cost of handling certain types of merchandise or package freight to an extent which should put that type of service on a profitable basis.

Towing operations have been divorced from terminal operations as a preliminary to turning the terminals over to private operators or municipalities for public use. Improved types of handling equipment are being installed in order to cut down handling costs.

In this way, the management hopes to demonstrate to the privately owned barge lines that merchandise or package freight can be profitable.

As compared with the millions spent in physically improving these rivers to make them fit for navigation, additional funds to further pioneer river transportation should be made available, and, if justified by the prospectus, will certainly make the barge line salable as a going concern.

5. We recommend that the Corporation should continue its services on the Missouri River and should extend them as circumstances require.

It is apparent that the privately owned barge lines will not initiate service on the Missouri River. These operators are generally of the opinion that operations on the Missouri are unfeasible in view of the speed of the current, and the depth and instability of the channel.

With the proposed new towing equipment, Federal Barge Lines hopes to show privately owned barge lines that operations on the Missouri need not be unprofitable.

Barge service is of great importance to the communities on the Missouri River. Rail transportation is costly from these interior points and it is difficult for them to compete with communities which are closer to their markets. The Panama Canal increased their competition by cutting transportation costs from the Pacific coast. Thus their markets were further restricted. The railroads, then, to compete with the Canal, initiated water-compelled rates from the west coast to Chicago so that it costs less to ship some commodities to and from Chicago from and to the west coast than it does in the case of certain Midwest communities.

By lowering transportation costs, barge service will give this area access to new markets and sources of supply.

6. It is suggested that the Mississippi unit should not be sold in sections.

Sale by sections would break up the joint barge-rail through route and rate structure. Furthermore, less-than-bargeload service and merchandise or package service might not survive the blow. Finally, traffic development on the Missouri would be almost impossible since Federal would be subject to a squeeze play at St. Louis on rate divisions with privately owned carriers, and new types of equipment, which are prerequisite to profitable operation, would not be interchangeable with that of privately owned barge lines.

A number of other factors come into play which demonstrate convincingly that sale in

sections would be unfeasible. For example, if barges do not go through without breaking bulk, expensive transshipment is necessary. To secure best use out of barges serving Missouri River, the operator should be in a position to add cargo at St. Louis to barges coming out of the Missouri on 6-foot draft to take advantage of 9-foot draft available elsewhere, and vice versa. A Missouri River operator should have somewhere else to work his equipment during the 4 months closed winter season on the Missouri to reduce the burden of fixed charges. No joint through rates with the railroads exist through Missouri River ports; none could be established in connection with such a truncated operation; interior shippers would get no water rates.

As the net result of all the above limiting factors, traffic volume on the Missouri would be severely limited and costs would be greatly increased, making it extremely unlikely that a profitable operation could be developed in the foreseeable future.

To permit the Corporation to take only freight originating on or destined for the Missouri would not solve the problem. The operation must be balanced—empty barges do not earn profits. Barges must be loaded both going and returning to make money. Even now, with an operation which extends from New Orleans to Minneapolis and Chicago, this is at times difficult; but it would be almost impossible if every bit of freight picked up had to be destined to ports on the Missouri. Shipments going out of the Missouri might be destined for numerous points along the other rivers.

7. Inland Waterways Corporation should proceed to offer the property for sale concurrently with rehabilitation.

Sale of the Federal Barge Lines need not await rehabilitation. The Interstate Commerce Commission should be requested immediately to make the necessary appraisal and to keep that appraisal current so that sale will not be delayed when a purchaser is obtained.

Complete rehabilitation is not prerequisite to sale. Purchasers probably will appear when the rehabilitation has proceeded far enough to demonstrate that complete rehabilitation will put the business on a profitable basis. If the new equipment reduces cost sufficiently to show that operations on the Missouri River can be profitable, and that less-than-bargeload and merchandise or package freight will be profitable, the Corporation should not have difficulty in obtaining a purchaser who will undertake to render the same type of service.

It is suggested that the Corporation solicit interested municipalities, chambers of commerce, other civic associations, shippers, and receivers with the idea of interesting them in promoting organization of a corporation to purchase and operate the Mississippi unit. These groups, all of whom have advocated continuation of the Federal Barge Lines in these hearings, should have sufficient interest to take the lead in promoting the organization of a corporation to take over its operation, provided it has been demonstrated that the corporation can return a profit on its investment. If they do not, they can hardly object to liquidation or unconditional sale of the line.

If such a sale cannot be made because of lack of interest or any other reason, the Mississippi unit should be offered for sale to the high bidder, reserving the right to reject any and all bids.

As is pointed out below, purchasers should not be required to undertake to provide the same type of service.

We feel that sale as a going concern should be accomplished within 3 years and, in any event, the Government should be out of the barge line business within 5 years.

8. It appears desirable that Congress should establish a commission of one Representa-

tive, a Senator, the president of Inland Waterways Corporation, and a representative of the Interstate Commerce Commission to see to it that both the Mississippi unit and the Warrior unit are promptly sold.

The present management of the Corporation takes the attitude that the Government should get out of the barge line, but it is believed that such a commission certainly will not harm the sales program and may, in fact, give it impetus.

We feel that Congress would thus insure that its announced policy will be effectuated.

9. It is recommended that the statutory prerequisites to sale or lease should be substantially modified by amendment of the act.

We suggest rescission of the requirement that the Secretary of Commerce first make a finding that navigable channels and adequate terminal facilities are substantially available, together with the requirement that the Interstate Commerce Commission first report to the Secretary of Commerce that joint tariffs with rail carriers have been published and filed. The opinion has been expressed by representatives of the Corporation that these prerequisites have been accomplished. In order to nullify the possibility of a technical argument to the contrary, however, it is believed that these provisions should be deleted from the act.

The prerequisite requiring that the Interstate Commerce Commission first appraise and ascertain the fair value of the facilities should not be changed. If Federal Barge Lines is to be sold to a corporation organized by local people, this necessarily must be accomplished by negotiation. The effect of the appraisal will, therefore, be twofold: It will assure a fair return to the Government and, at the same time, protect the Government negotiators from any charge that they failed to obtain fair value.

There would not seem to be any justification for the requirement that any purchaser or lessor agree to continue the facilities "in the common carrier service in a manner substantially similar to the service rendered by the Corporation" and that he supply "ample security by bond or otherwise to insure the faithful performance of such agreement." If the municipalities, civic associations, shippers, and receivers are interested sufficiently to take the lead in promoting the organization of a corporation to purchase the barge line, there is no need for such a requirement since they will have a vital interest in seeing to it that this service is maintained. If they are not, then there would seem to be no reason to place such a burdensome restriction upon any other purchaser. In fact, we doubt very much that any prudent businessman would purchase the barge line subject to any such condition even though he sincerely intended to render the same type of service. Furthermore, any proposed change in the service by a purchaser is subject to protest by interested parties and suspension by the Interstate Commerce Commission.

We suggest that this provision be amended simply to require a certification by the purchaser to the effect that he has a bona fide intent to continue the common-carrier service in a manner substantially similar to the service rendered by the corporation. In this way, the participation of interested groups in the ownership and management of the corporation will be assured. In effect, the Congress would forcefully demonstrate that it really means to get out of the barge business. If these groups which have argued so strongly for continuation of the Federal Barge Lines are sincerely interested in that service, they will support the organization of a corporation to purchase the line from the Government.

The provisions authorizing sale in two units, the Mississippi and Warrior units, should be retained, as should that prohibit-

ing purchase by railroad interests. If it develops that a departure from the latter of these restrictions is in the public interest, appropriate legislation to fit the circumstances can be proposed at that time.

In conclusion, the attention of the committee should be drawn to the main point at issue in this case: Throughout these hearings, the preponderance of testimony by those who would be affected most by the liquidation of the barge line has been to the effect that the Government should get out of the barge business, but not until the same service is provided by private capital.

That completes the majority report, and there are reservations by Mr. KEFAUVER and Mr. JACKSON of Washington as follows:

(The reservations by Mr. KEFAUVER and Mr. JACKSON of Washington are as follows:)

RESERVATIONS OF CONGRESSMAN KEFAUVER AND CONGRESSMAN JACKSON OF WASHINGTON

We agree with the conclusions of the majority report that the Federal Barge Lines should be rehabilitated and that it should eventually be sold and operated by private enterprise.

The Federal Barge Lines has done a most useful job in pioneering river navigation and in working out rate schedules for river transportation and for joint barge-rail transportation. It is our opinion that with some rehabilitation the Federal Barge Lines will, within a few years, be able to operate at a profit and that it could then be sold to private enterprise. The sale, however, should require the purchaser to give substantially the same service as is provided in the act creating the Inland Waterways Corporation.

We cannot concur in the majority report that the Warrior River unit should immediately be sold. The last Congress authorized the building of the Tombigbee waterway. This connection between the Tennessee River, Warrior River, and the Gulf of Mexico through the Tombigbee River will furnish economical means for an enormous amount of river traffic from the Tennessee and Ohio Valleys to the Gulf of Mexico, and it will also furnish an alternate route for shippers in the Mississippi Valley. The Warrior unit should be retained to pioneer this new river traffic and to establish favorable rates. It should not be sold until this is done.

Also, we feel that even before the Tombigbee waterway is built, the Mississippi unit of the Federal Barge Lines should operate on the Tennessee River. The reason for the prohibition against operating on the Ohio does not apply to the Tennessee. During the interval until a purchaser can be found for the Mississippi unit who will continue giving substantially the same service, I feel that the Mississippi unit should establish rates and give service to shippers desiring to use river transportation on the Tennessee.

That completes the report, Mr. Chairman.

The Clerk concluded the reading of the bill.

Mr. PLOESER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in certain provisions of this bill, part of title III, the committee, of course, recommended and sought to accomplish extension of the same congressional controls over certain mixed Government corporations as has been extended over wholly owned Government corporations, the purpose being that there is really no difference in interest. The majority stock of these corporations is owned by the Federal Government, in one case the overwhelming majority; as much as 99 percent is owned by the Federal Government; so the same rule of congressional appropriation guidance and control should apply to

these corporations as would apply to one that is 100 percent owned by the Government.

In order that the RECORD might be more informative, under the same privilege to extend my remarks, I am going to include at this point in the RECORD a chart of the comparative ownership percentages of Government and other enterprises in these mixed corporations: *Ownership of capital stock in mixed-ownership Government corporations*

FEDERAL DEPOSIT INSURANCE CORPORATION

U. S. Government (Treasury Department)..... \$150,000,000.00
12 Federal Reserve banks... 139,299,566.99

NOTE.—This represents the original subscriptions and paid-in stock of FDIC as of Jan. 1, 1934. There has been a change and the figures are still correct today.

CENTRAL BANKS FOR COOPERATIVES

June 30, 1946:
U. S. Government..... \$76,500,000
Borrowers (cooperatives, etc.)..... 1,197,000
Total..... 77,697,000

Apr. 30, 1947:
U. S. Government..... 76,500,000
Borrowers (cooperatives, etc.)..... 787,300
Total..... 77,287,300

DISTRICT BANKS FOR COOPERATIVES

June 30, 1946:
U. S. Government..... \$102,000,000
Borrowers..... 5,285,000
Total..... 107,285,000

Apr. 30, 1947:
U. S. Government..... 102,000,000
Borrowers..... 7,585,600
Total..... 109,585,600

FEDERAL HOME LOAN BANKS

June 30, 1946:
U. S. Government (RFC)..... \$123,651,200
Member institutions..... 79,559,450
Total..... 203,210,650

May-31, 1947:
U. S. Government (RFC)..... 122,672,200
Member institutions..... 94,935,200
Total..... 217,607,400

¹ Plus \$70,800 paid into guaranty fund.

Mr. Chairman, this bill does deal with vast appropriated sums. Other supply bills seem to dwarf this by their amounts. But this bill is most significant in that it deals with functions of Government which influence or control the credit structure of the Nation's economy.

Total assets of all wholly owned Government corporations—including Commodity Credit Corporation, Federal Crop Insurance Corporation, and the Reconstruction Finance Corporation—as of June 30, 1947, are estimated to be approximately \$11,800,000,000. The total unobligated borrowing authority of these corporations as of March 31, 1947 was approximately \$18,600,000,000. The value of all assets and unobligated borrowing authority at present is approximately \$30,400,000,000. This figure \$30,400,000,000, can be said to represent the total amount of money, including assets valued in terms of money, which wholly owned Government corporations have under their control at the present time.

Could any bill be more significant in its effect upon the economy? Because of the national and international impact

of this vast credit operation it is imperative that the Congress take and hold authority of both expenses and assets of these corporations. In the past it has become a lost responsibility. When this bill becomes law it will properly be a current responsibility. These assets—and what is equally important—the liabilities of the corporations are the assets and liabilities of the people through their Government. The only board of directors in this Government which directly represents the people is the Congress. It is our duty and we must, in my opinion, and the opinion of this committee, carefully assume the performance of such duty.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. PLOESER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ANDERSON of California, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. PLOESER. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ENGEL of Michigan (at the request of Mr. GRAHAM) was given permission to extend his remarks in the RECORD and include an article.

Mr. HARTLEY (at the request of Mr. MATHEWS) was given permission to extend his remarks in the RECORD and include two editorials.

Mr. POULSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the address of the gentleman from Tennessee [Mr. KEFAUVER] made in the Committee on the Whole today.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TRIMBLE asked and was given permission to extend his remarks in the RECORD.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to include in the remarks I made today a full report of the Committee on Appropriations on Government Corporations. I make this request, Mr. Speaker, because of the fact that it is a rather full and complete explanation of the action taken by the committee in regard to these Government corporations.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. RANKIN and Mr. GORE asked and were given permission to revise and extend their remarks made in the Committee of the Whole and include certain tables and statistics.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD in three instances and include statements he received showing the effect of appropriations in the bill H. R. 3756 on the Federal Home Loan Bank Administration, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation.

Mr. ARNOLD asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include a statement of Navy Service Veterans in opposition to the armed services merger.

Mr. BYRNES of Wisconsin (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an editorial.

LEAVE OF ABSENCE

By unanimous consent, Mr. KEARNEY (at the request of Mr. LEONARD W. HALL) was granted leave of absence on account of official business.

HOOR OF MEETING ON FRIDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, it adjourn to meet at 11 o'clock on Friday.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY—CONFERENCE REPORT

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DEFICIENCY APPROPRIATION BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to take up the deficiency bill which we filed this morning.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SUGAR CONTROL EXTENSION ACT OF 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 242, Rept. No. 561), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3612) to amend the Sugar Control Extension Act of 1947, so as to terminate the authority to allocate or ration refined sugar among users for home consumption. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

VETERANS' PREFERENCE ACT OF JUNE 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 243, Rept. No. 562), which was referred to the House calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 966) to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387). That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted; and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM FOR TOMORROW

Mr. HALLECK. Mr. Speaker, it is my understanding that the conferees on the rent control housing bill are now meeting, and it is expected that the matter will be brought into agreement this afternoon. The committee has until midnight tonight to file its report. If that report is filed, as we expect it will be, we will call the conference report up for action tomorrow when we convene. We also hope to dispose of the deficiency appropriation bill, consideration of which

80TH CONGRESS
1ST SESSION

H. R. 3756

H. R. 3756

IN THE SENATE OF THE UNITED STATES

JUNE 12 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1948, namely:

1 TENNESSEE VALLEY AUTHORITY

2 For the purpose of carrying out the provisions of the
3 Tennessee Valley Authority Act of 1933, as amended (16
4 U. S. C., ch. 12A), \$22,143,500, including not to exceed
5 \$3,253,979 for the construction of South Holston Dam and
6 Watauga Dam and not to exceed \$6,686,000 for chemical
7 plant additions; purchase, hire, maintenance, repair, and
8 operation of aircraft, and the purchase of two hundred and
9 twenty-one and hire of passenger motor vehicles; penalty
10 mail (not to exceed \$20,000), together with the unex-
11 pended balance of funds heretofore appropriated (the
12 unobligated portion of such unexpended balance to be
13 expended only for public works commenced prior to July 1,
14 1947), to remain available until expended, and to be avail-
15 able for the payment of obligations chargeable against prior
16 appropriations.

17 HOUSING EXPEDITER

18 Salaries and expenses, Housing Expediter: For all
19 expenses, including penalty-mail costs, necessary to the
20 liquidation of the Office of the Housing Expediter, which
21 liquidation shall be completed by June 30, 1948, \$3,539,080,
22 of which \$1,900,000 shall be available exclusively for ter-
23 minal leave.

1 NATIONAL HOUSING AGENCY

2 OFFICE OF THE ADMINISTRATOR

3 Salaries and expenses, Office of the Administrator,
4 \$100,000, including cost of penalty mail: *Provided*, That
5 the cost of terminal leave of any personnel of the Office of
6 the Administrator shall be paid out of funds available for
7 administrative expenses to the constituent units of the Na-
8 tional Housing Agency: *Provided further*, That, other than
9 for payment of terminal leave, no funds of the constituent
10 units of the National Housing Agency or any other depart-
11 ment or agency of the Government shall be available for
12 the use or expenditure of, or the detail of personnel other
13 than the Administrator, to the Office of the Administrator.

14 FEDERAL PUBLIC HOUSING AUTHORITY

15 Annual contributions: For the payment of annual con-
16 tributions to public housing agencies in accordance with
17 section 10 of the United States Housing Act of 1937, as
18 amended (42 U. S. C. 1410), \$2,200,000: *Provided*, That
19 except for payments required on contracts entered into prior
20 to April 18, 1940, no part of this appropriation shall be
21 available for payment to any public housing agency for
22 expenditure in connection with any low-rent housing project,
23 unless the public housing agency shall have adopted regula-

1 tions prohibiting as a tenant of any such project by rental or
2 occupancy any person other than a citizen of the United
3 States, but such prohibition shall not be applicable in the
4 case of a family of any serviceman or the family of any
5 veteran who has been discharged (other than dishonorable)
6 from, or the family of any serviceman who died in, the
7 armed forces of the United States within four years prior
8 to the date of application for admission to such housing:
9 *Provided further*, That no part of this appropriation shall
10 be used to pay any public housing agency any contribution
11 occasioned by payments in lieu of taxes in excess of the
12 amount specified in the original contract between such agency
13 and the Federal Public Housing Authority: *Provided*
14 *further*, That no part of this appropriation shall be used to
15 pay more than the annual contribution that otherwise
16 would be due or payable with respect to any public housing
17 agency less an amount equal to one-half the total sum shown
18 on the books of such agency as of March 31, 1947, as
19 working capital reserve, reserve for repairs, maintenance and
20 replacements, reserve for vacancy and collection losses, and
21 all other reserves: *Provided further*, That all expenditures
22 of this appropriation shall be subject to audit and final settle-
23 ment by the Comptroller General of the United States under
24 the provisions of the Budget and Accounting Act of 1921,
25 as amended.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$7,000,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of The Institute of Inter-American Affairs.

INTER-AMERICAN EDUCATIONAL FOUNDATION,

INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,115,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of the Inter-American Educational Foundation, Incorporated.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to

1 fiscal year limitations as provided by section 104 of the
2 Government Corporation Control Act, as may be necessary
3 in carrying out the programs set forth in the Budget for the
4 fiscal year 1948 for each such corporation or agency, except
5 as hereinafter provided:

6 INDEPENDENT AGENCIES AND CORPORATIONS

7 Export-Import Bank of Washington: Not to exceed
8 \$800,000 (to be on an accrual basis) of the funds of the
9 Export-Import Bank of Washington shall be available during
10 the fiscal year 1948 for all administrative expenses of the
11 Bank, including not to exceed \$100 for periodicals, \$200 for
12 newspapers, and \$200 for maps; health service program as
13 authorized by the Act of August 8, 1946 (Public Law 658),
14 and not to exceed \$24,000 for temporary services, as author-
15 ized by section 15 of the Act of August 2, 1946 (Public
16 Law 600) : *Provided further*, That necessary expenses (in-
17 cluding special services performed on a contract or fee basis,
18 but not including other personal services) in connection with
19 the acquisition, operation, maintenance, improvement, or dis-
20 position of any real or personal property belong to the Bank
21 or in which it has an interest, including expenses of collec-
22 tions of pledged collateral, or the investigation or appraisal
23 of any property in respect to which an application for a loan
24 has been made, shall be considered as nonadministrative
25 expenses for the purposes hereof.

1 Panama Railroad Company: Not to exceed \$750,000
2 (to be computed on an accrual basis) of the funds of the
3 Company shall be available during the fiscal year 1948 for
4 its administrative expenses, including administrative services
5 performed for the Company by other Government agencies,
6 which shall be determined in accordance with the Company's
7 prescribed accounting system in effect on July 1, 1946, and
8 and shall be exclusive of depreciation, payment of claims,
9 contributions to employees retirement system, expenditures
10 which the Company's prescribed accounting system requires
11 to be capitalized or charged to cost of commodities acquired,
12 and expenses in connection with acquisition, construction,
13 operation, maintenance, improvement, protection, and dis-
14 position of facilities and other property belonging to the
15 Company or in which it has an interest.

16 Tennessee Valley Associated Cooperatives, Inc.: Not to
17 exceed \$2,500 shall be available for administrative expenses
18 related to liquidation: *Provided*, That appropriate steps shall
19 be taken to secure the final dissolution and liquidation of
20 the Corporation at the earliest practicable date and such
21 dissolution and liquidation shall be under the supervision
22 and direction of the Secretary of the Treasury.

23 Tennessee Valley Authority: Not later than June 30,
24 1948, and not later than June 30 of each calendar
25 year thereafter, until a total of \$348,239,240 has been paid

1 as herein provided, the board of directors of the Tennessee
2 Valley Authority shall pay from net income derived the
3 immediately preceding fiscal year from power operations
4 (such net income to be determined by deducting power op-
5 erating expenses, allocated common expense, and interest on
6 funded debt from total power operating revenues) not less
7 than \$2,500,000 of its outstanding bonded indebtedness to
8 the Treasury of the United States exclusive of interest, and
9 not less than 40 per centum of the remainder of such net
10 income into the Treasury of the United States as miscellane-
11 ous receipts. In the ten-year period ending June 30,
12 1958, and in each succeeding ten-year period until the afore-
13 said total of \$348,239,240 shall have been paid, not less
14 than a total of \$87,059,810, including payment of bonded
15 indebtedness exclusive of interest on such bonded indebted-
16 ness, shall be so paid. Total payments of not less than
17 \$10,500,000 shall be made not later than June 30,
18 1948.

19 Amounts equal to the total of all appropriations herein
20 and hereafter made to the Tennessee Valley Authority for
21 power facilities shall be paid by the board of directors thereof,
22 in addition to the total of \$348,239,240 specified in the
23 foregoing paragraph, to the Treasury of the United States
24 as miscellaneous receipts, such payments to be amortized

1 over a period of not to exceed forty years after the year in
2 which such facilities go into operation.

3 None of the power revenues of the Tennessee Valley Au-
4 thority shall be used for the construction of new power pro-
5 ducing projects (except for replacement purposes) unless
6 and until approved by Act of Congress.

7 NATIONAL HOUSING AGENCY

8 Federal Home Loan Bank Administration: Not to
9 exceed a total of \$1,250,000 to be derived from the special
10 deposit account established under the provisions under the
11 head "Federal Home Loan Bank Administration" in the
12 Independent Offices Appropriation Act, 1944, and from
13 receipts of the Federal Home Loan Bank Administration or
14 the Federal Home Loan Bank Board for the fiscal year 1948
15 and prior fiscal years, shall be available during the fiscal
16 year 1948 for administrative expenses of the Federal Home
17 Loan Bank Administration (Executive Order 9070 of Feb-
18 ruary 24, 1942), including health service program as au-
19 thorized by the Act of August 8, 1946 (Public Law
20 658): *Provided*, That all necessary expenses in connec-
21 tion with the conservatorship of institutions insured by the
22 Federal Savings and Loan Insurance Corporation and
23 all necessary expenses (including services performed on a

1 contract or fee basis, but not including other personal
2 services) in connection with the handling, including the
3 purchase, sale, and exchange, of securities on behalf of
4 Federal Home Loan banks, and the sale, issuance, and retire-
5 ment of, or payment of interest on, debentures or bonds,
6 under the Federal Home Loan Bank Act, as amended, shall
7 be considered as nonadministrative expenses for the purposes
8 hereof: *Provided further*, That notwithstanding any other
9 provisions of this Act, except for the limitation in amount
10 hereinbefore specified, the administrative expenses and other
11 obligations of the Administration shall be incurred, allowed,
12 and paid in accordance with the provisions of the Federal
13 Home Loan Bank Act of July 22, 1932, as amended (12
14 U. S. C. 1421-1449).

15 Federal Savings and Loan Insurance Corporation: Not
16 to exceed \$532,000 shall be available for administrative ex-
17 penses, including health service program as authorized by
18 the Act of August 8, 1946 (Public Law 658), and the use
19 of services and facilities of the Federal Home Loan banks,
20 Federal Reserve banks, and agencies of the Government,
21 including the Federal Home Loan Bank Administration and
22 the Home Owners' Loan Corporation, which shall be on an
23 accrual basis and shall be exclusive of interest paid, deprecia-
24 tion, properly capitalized expenditures, and expenses in con-
25 nection with liquidation of insured institutions, liquidation

1 or handling of assets of or derived from insured institutions,
2 payment of insurance, and action for or toward the avoidance,
3 termination, or minimizing of losses in the case of specific
4 insured institutions: *Provided*, That notwithstanding any
5 other provisions of this Act, except for the limitation in
6 amount hereinbefore specified, the administrative expenses
7 and other obligations of said Corporation shall be incurred,
8 allowed, and paid in accordance with title IV of the Act of
9 June 27, 1934, as amended (12 U. S. C. 1724-1730).

10 Home Owners' Loan Corporation: Not to exceed
11 \$3,000,000 shall be available for administrative expenses,
12 including health service program as authorized by the Act
13 of August 8, 1946 (Public Law 658), and the use of serv-
14 ices and facilities of the Federal Home Loan banks, Federal
15 Reserve banks, and agencies of the Government, including
16 the Federal Home Loan Bank Administration and the
17 Federal Savings and Loan Insurance Corporation, which
18 shall be on an accrual basis and shall be exclusive of interest
19 paid, depreciation, properly capitalized expenditures, ex-
20 penses (including services performed on a force account,
21 contract, or fee basis, but not including other personal serv-
22 ices) in connection with the acquisition, protection, opera-
23 tion, maintenance, improvement, or disposition of real or
24 personal property belonging to said Corporation or in which
25 it has an interest, and legal fees and expenses: *Provided*,

1 That notwithstanding any other provisions of this Act,
2 except for the limitation in amount hereinbefore specified,
3 the administrative expenses and other obligations of said
4 Corporation shall be incurred, allowed, and paid in accord-
5 ance with the Home Owners' Loan Act of 1933, as amended
6 (12 U. S. C. 1461-1468).

7 Federal Housing Administration: In addition to the
8 amounts available by or pursuant to law (which shall be
9 transferred to this authorization) for the administrative
10 expenses of the Federal Housing Administration in carrying
11 out duties imposed by or pursuant to law, not to exceed
12 \$17,624,000 of the various funds of the Federal Housing
13 Administration as follows: (1) The mutual mortgage insur-
14 ance fund; (2) the housing insurance fund; (3) the account
15 in the Treasury comprised of funds derived from premiums
16 collected under authority of section 2 (f), title I of the
17 National Housing Act, as amended (12 U. S. C. 1701);
18 and (4) the war housing insurance fund shall be available
19 for expenditure, in accordance with the provisions of said
20 Act for the administrative expenses of the Federal Housing
21 Administration, including not to exceed \$1,500 for periodicals
22 and newspapers; not to exceed \$1,500 for contract actuarial
23 services; and health program as authorized by the Act of
24 August 8, 1946 (Public Law 658): *Provided*, That neces-
25 sary expenses of the Administration (including both services

1 performed on a contract or fee basis, but not including other
2 personal services) in connection with the acquisition, pro-
3 tection, completion, operation, maintenance, improvement,
4 or disposition of real or personal property of the Administra-
5 tion acquired under authority of titles I, II, and VI of said
6 National Housing Act, shall be considered as nonadministra-
7 tive for the purposes hereof: *Provided further*, That, except
8 as herein otherwise provided, the administrative expenses
9 and other obligations, including nonadministrative expenses,
10 of the Administration shall be incurred, allowed, and paid in
11 accordance with the provisions of said Act of June 27, 1934.
12 as amended (12 U. S. C. 1701).

13 Federal Public Housing Authority: Of the amounts
14 available by or pursuant to law for the administrative ex-
15 penses of the Federal Public Housing Authority in carrying
16 out duties imposed by or pursuant to law including not to
17 exceed \$2,200,000 of the funds available for administrative
18 expenses for the United States Housing Act program (all
19 of which are hereby merged into a single administrative
20 expense account), not to exceed \$10,400,000 shall be avail-
21 able for such expenses subject to the provisions of section
22 6 (b) of the act of September 1, 1937, as amended, 42
23 U. S. C. 1406 (b), including health service program as au-
24 thorized by the Act of August 8, 1946 (Public Law 658):
25 *Provided*, That the number of officers and employees receiv-

1 ing compensation in excess of \$4,500 per annum shall not
2 exceed 20 per centum of the total number of officers and
3 employees paid from such funds: *Provided further*, That
4 necessary expenses of providing representatives of the
5 Authority at the sites of non-Federal projects in connection
6 with the construction of such non-Federal projects by public
7 housing agencies with the aid of the Authority, shall be
8 compensated by such agencies by the payment of fixed fees
9 which in the aggregate in relation to the development costs
10 of such projects will cover the costs of rendering such
11 services, and expenditures by the Authority for such purpose
12 shall be considered nonadministrative expenses, and funds
13 received from such payments may be used only for the pay-
14 ment of necessary expenses of providing representatives of
15 the Authority at the sites of non-Federal projects or for
16 administrative expenses of the Authority not in excess of the
17 amount authorized by the Congress.

18 Liquidation of resettlement projects: Not to exceed
19 \$39,500 of the receipts derived from the operation of the
20 projects transferred under paragraphs 1 (g) and 6 of Ex-
21 ecutive Order 9070 of February 24, 1942 (7 F. R. 1529),
22 shall be available for necessary expenses in connection with
23 and to facilitate disposition of the improved or unimproved
24 lands in the suburban resettlement projects known as Green-
25 belt, Greendale, and Greenhills, pursuant to the provisions

1 of section 5 of the Emergency Relief Appropriation Act of
2 1935 (49 Stat. 115), for making surveys, plans, and plats,
3 and expenses of additions, alterations, and improvements to
4 streets and utilities.

5 Defense Homes Corporation: Not to exceed \$3,000
6 shall be available for payment of terminal leave only. Imme-
7 diately upon the enactment hereof, the National Housing Ad-
8 ministrator shall transfer or cause to be transferred to the
9 Reconstruction Finance Corporation without reimbursement
10 or other consideration all of the capital stock of Defense Homes
11 Corporation, together with the stock certificates evidencing the
12 ownership of such stock. All assets and liabilities of every kind
13 and nature, together with all records, of Defense Homes Cor-
14 poration are hereby transferred effective July 1, 1947, to the
15 Reconstruction Finance Corporation without reimbursement
16 or other consideration for the purpose of liquidation thereof
17 in an orderly manner. Upon receipt of such stock, the
18 Reconstruction Finance Corporation shall proceed with
19 diligence to liquidate the affairs of the Defense Homes Cor-
20 poration as soon as practicable, including realization of the
21 cash value of all its assets and settlement of all its legal
22 liabilities, including the existing indebtedness of Defense
23 Homes Corporation to the Reconstruction Finance Corporation.
24 Any net proceeds thereafter remaining shall be covered into
25 the Treasury in the same manner and in accordance with the

1 same requirements as are applicable for the disposition of net
2 income realized by the Reconstruction Finance Corporation
3 from its operations. Such of the personnel of the Federal
4 Public Housing Authority (not to exceed eight persons)
5 as have been employed primarily on duties relating to the
6 Defense Homes Corporation and are found by the Recon-
7 struction Finance Corporation to be necessary and qualified
8 to assist in the liquidation herein authorized and directed,
9 shall be transferred to the Reconstruction Finance Corpora-
10 tion as of the date requested by it.

11 FEDERAL LOAN AGENCY

12 War Damage Corporation: The Board of Directors of
13 the Corporation shall pay or cause to be paid to the Treasury
14 of the United States \$210,751,618.65 of the amount realized
15 by the Corporation from its operations, such sum to be
16 covered into the Treasury immediately upon the approval
17 of this Act and applied to reduction of the national debt.

18 DEPARTMENT OF AGRICULTURE

19 Federal Farm Mortgage Corporation: Not to exceed
20 \$2,750,000 (to be computed on an accrual basis) of the
21 funds of the Corporation shall be available for administra-
22 tive expenses, including employment on a contract or fee
23 basis of persons, firms, and corporations for the performance
24 of special services, including legal services, and the use of
25 the services and facilities of Federal land banks, national

1 farm loan associations, Federal Reserve banks, and agencies
2 of the Government as authorized by the Act of January 31,
3 1934 (12 U. S. C. 1020-1020h) : and said total sum shall
4 be exclusive of interest expense, and expenses in connection
5 with the acquisition, operation, maintenance, improvement,
6 protection, or disposition of real or personal property be-
7 longing to the Corporation or in which it has an interest:
8 *Provided*, That of the funds available to the Corporation
9 for administrative expenses, not to exceed \$275,000 shall
10 be available for payment to the Farm Credit Administration
11 for supervisory or other services rendered.

12 Federal Intermediate Credit Banks: Not to exceed
13 \$1,250,000 (to be computed on an accrual basis) of the
14 funds of the banks shall be available for administrative ex-
15 penses, including the purchase of not to exceed ten passenger
16 motor vehicles, services performed for the banks by other
17 Government agencies (except services performed by the
18 banks for cooperatives in connection with loans to cooperative
19 associations rediscounted or pledged with the Federal Inter-
20 mediate Credit Banks, and services performed by any Federal
21 Reserve bank and by the United States Treasury in connec-
22 tion with the financial transactions of the banks), and not to
23 exceed \$4,000 for penalty mail; and said total sum shall be
24 exclusive of interest expense, legal and special services per-
25 formed on a contract or fee basis, and expenses in connection

1 with the acquisition, operation, maintenance, improvement,
2 protection, or disposition of real or personal property belong-
3 ing to the banks or in which they have an interest: *Provided*,
4 That of the funds available to the banks for administrative
5 expenses, not to exceed \$125,000 shall be available for pay-
6 ment to the Farm Credit Administration for supervisory
7 or other services rendered.

8 Production Credit Corporations: Not to exceed \$1,-
9 600,000 (to be computed on an accrual basis) of the funds
10 of the corporations shall be available for administrative ex-
11 penses, including the purchase of not to exceed fifteen pas-
12 senger motor vehicles, services performed for the corporations
13 by other Government agencies, and not to exceed \$4,000 for
14 penalty mail; and said total sum shall be exclusive of interest
15 expense, legal and special services performed on a contract
16 or fee basis, and expenses in connection with the acquisition,
17 operation, maintenance, improvement, protection, or dispo-
18 sition of real or personal property belonging to the corpora-
19 tions or in which they have an interest: *Provided*, That of
20 the funds available to the corporations for administrative ex-
21 penses, not to exceed \$160,000 shall be available for pay-
22 ment to the Farm Credit Administration for supervisory or
23 other services rendered.

24 Regional Agricultural Credit Corporation of Washing-
25 ton, District of Columbia: Not to exceed \$200,000 (to be

1 computed on an accrual basis) of the funds of the Corpora-
2 tion shall be available for administrative expenses, including
3 supervision and examination by the Farm Credit Admin-
4 istration and services performed for the Corporation by other
5 Government agencies, and not to exceed \$3,200 for penalty
6 mail; and said total sum shall be exclusive of interest expense,
7 legal and special services performed on a contract or fee basis,
8 and expenses in connection with the acquisition, operation,
9 maintenance, improvement, protection, or disposition of real
10 or personal property belonging to the Corporation or in which
11 it has an interest: *Provided*, That no other funds shall be
12 available for administrative expenses of the Corporation:
13 *Provided further*, That of the funds available to the Cor-
14 poration for administrative expenses, not to exceed \$20,000
15 shall be available for payment to the Farm Credit Adminis-
16 tration for supervisory or other services rendered.

17 DEPARTMENT OF COMMERCE

18 Inland Waterways Corporation: Not to exceed \$418,-
19 100 shall be available for administrative expenses, to be
20 determined in the manner set forth under the title "General
21 expenses" in the Uniform System of Accounts for Carriers
22 by Water of the Interstate Commerce Commission (effective
23 January 1, 1942), with the exception that the cost of the
24 audit as required by Public Law 248, Seventy-ninth Con-
25 gress, shall be deemed a nonadministrative expense for the

1 purpose hereof, including not to exceed \$1,200 for penalty
2 mail: *Provided*, That no funds shall be used to pay compen-
3 sation of employees normally subject to the Classification
4 Act of 1923, as amended, at rates in excess of rates fixed
5 for similar services under the provisions of the Classification
6 Act, as amended, nor to pay the compensation of vessel
7 employees and such terminal and other employees as are
8 not covered by the Classification Act, at rates in excess of
9 rates prevailing in the river transportation industry in the
10 area.

11 Warrior River Terminal Company: Not to exceed
12 \$20,100 shall be available for administrative expenses, to be
13 determined in the manner set forth under the title "Operating
14 expense accounts—general" in the Uniform System of Ac-
15 counts for Steam Railroads of the Interstate Commerce Com-
16 mission (issue of 1943) with the exception that the cost of
17 the audit as required by Public Law 248, Seventy-ninth Con-
18 Congress, shall be deemed a nonadministrative expense for
19 the purpose hereof: *Provided*, That, in the event of dissolu-
20 tion of the Company and/or the transfer of its assets to the
21 Inland Waterways Corporation, the funds provided herein
22 shall be transferred and merged with the administrative ex-
23 penses of the Inland Waterways Corporation for the operation
24 of its facilities.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company: Not to exceed \$20,000 (to be computed on an accrual basis) of the funds of the Company shall be available during the fiscal year 1948 for its administrative expenses which shall be determined in accordance with the Company's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, interest expense, payment of claims, contribution to the local government in lieu of taxes, expenditures which the Company's prescribed accounting system requires to be capitalized or charged to commodities produced or acquired and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection or disposition of facilities and other property belonging to the Company or in which it has an interest.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$225,000 (to be computed on an accrual basis) of the funds of the corporation shall be available during the fiscal year 1948 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, vocational training expenses, payment of claims, expenditures which the said accounting

1 system requires to be capitalized or charged to cost of com-
2 modities acquired or produced, including selling and shipping
3 expenses, and expenses in connection with acquisition, con-
4 struction, operation, maintenance, improvement, protection,
5 or disposition of facilities and other property belonging to the
6 corporation or in which it has an interest.

7 DEPARTMENT OF STATE

8 The Institute of Inter-American Affairs: Not to exceed
9 \$550,000 (to be computed on an accrual basis) of the funds
10 available to the Corporation shall be available during the
11 fiscal year 1948 for its administrative expenses, including not
12 to exceed \$3,000 shall be available for penalty mail, and the
13 cost of administrative services performed for the Corpora-
14 tion by other Government agencies, which shall be deter-
15 mined in accordance with the Corporation's prescribed ac-
16 counting system in effect on July 1, 1946, and shall be ex-
17 clusive of expenditures made outside continental United
18 States, and expenditures which the Corporation's prescribed
19 accounting system requires to be capitalized or charged di-
20 rectly to or directly related to the operating programs:
21 *Provided*, That the total cost of liquidation shall be paid out
22 of funds available to the Corporation without additional
23 appropriations therefor.

24 Institute of Inter-American Transportation: Not to ex-
25 ceed \$3,000 of the funds available to the Corporation shall

1 be available for payment of terminal leave only: *Provided*,
2 That all administrative duties and responsibilities shall be
3 assumed by such officers and employees of the Department
4 of State as the Secretary of State may designate, and who
5 shall receive no additional compensation for such duties:
6 *Provided further*, That the Secretary of State shall take
7 appropriate steps to secure the final dissolution and liquida-
8 tion of said Corporation at the earliest practicable date:
9 *Provided further*, That the total cost of liquidation shall be
10 paid out of funds available to the Corporation without addi-
11 tional appropriations therefor.

12 Inter-American Educational Foundation, Inc.: Not to
13 exceed \$250,000 (to be computed on an accrual basis) of the
14 funds available to the Corporation shall be available during the
15 fiscal year 1948 for its administrative expenses, including not
16 to exceed \$1,500 shall be available for penalty mail; including
17 the cost of administrative service performed for the Corpora-
18 tion by other Government agencies, which shall be deter-
19 mined in accordance with the Corporation's prescribed ac-
20 counting system in effect on July 1, 1946, and shall be ex-
21 clusive of expenditures made outside the continental limits of
22 the United States, and expenditures which the Corporation's
23 prescribed accounting system requires to be capitalized or
24 charged directly to or directly related to the operating pro-
25 grams.

1 Prencinradio, Incorporated: Not to exceed \$2,000 of the
2 funds available to the Corporation shall be available for pay-
3 ment of terminal leave only: *Provided*, That all administra-
4 tive duties and responsibilities shall be assumed by such
5 officers and employees of the Department of State as the
6 Secretary of State may designate, and who shall receive
7 no additional compensation for such duties: *Provided further*,
8 That the Secretary of State shall take appropriate steps to
9 secure the final dissolution and liquidation of said Corporation
10 at the earliest practicable date: *Provided further*, That the
11 total cost of liquidation shall be paid out of funds available
12 to the Corporation without additional appropriations therefor.

13 TITLE III

14 GENERAL PROVISIONS

15 SEC. 301. Funds made available by this Act for admin-
16 istrative expenses shall be available, in addition to objects for
17 which such funds are otherwise available, for personal serv-
18 ices and rent in the District of Columbia; printing and bind-
19 ing; examination of budgets and estimates of appropriations
20 in the field; travel expenses in accordance with the Stand-
21 ardized Government Travel Regulations, the Subsistence
22 Expense Act of 1926, as amended (except as to per diem
23 rates outside continental United States), and the Act of
24 February 14, 1931, as amended (5 U. S. C. 73a) ; for the
25 objects specified under the head "General provisions" in

1 title II of the Independent Offices Appropriation Act, 1948,
2 all the provisions of which title unless otherwise specified
3 in this Act, shall be applicable to the expenditure of such
4 funds; and services in accordance with section 15 of the Act
5 of August 2, 1946 (Public Law 600), except that no funds
6 of any corporation or agency included in this Act shall be
7 available for payment, to other than a Government agency,
8 for services of an independent audit of the financial records
9 of the offices of any Government corporation or agency
10 unless prior approval is obtained from or such service is di-
11 rected to be made by the Comptroller General of the United
12 States.

13 SEC. 302. No part of any funds of any wholly owned
14 Government corporation shall be used for the purchase or
15 construction, or in making loans for the purchase or con-
16 struction of any office building at the seat of government
17 primarily for occupancy by any department or agency of the
18 United States Government or by any corporation owned by
19 the United States Government.

20 SEC. 303. Funds of the corporations and agencies cov-
21 ered by the provisions of this Act shall be available for
22 payment of claims settled in accordance with part 2 of the
23 Federal Tort Claims Act.

24 SEC. 304. Any funds of, or available for expenditure
25 by, any corporation or agency included in this Act, which

1 are not subject to audit by the General Accounting Office
2 under the provisions of the Government Corporation Control
3 Act (Public Law 248, Seventy-ninth Congress) or other
4 law, shall be accounted for and audited in accordance with
5 the Budget and Accounting Act, as amended, and no such
6 fund shall be obligated or expended unless and until an appro-
7 priate appropriation account shall have been established
8 therefor pursuant to an appropriation warrant or a covering
9 warrant: *Provided*, That this section shall not be so con-
10 strued as to modify or repeal any provision of any other law
11 respecting warranting, accounting for, and auditing of funds.

12 SEC. 305. No part of the funds of, or available for ex-
13 penditure by, any corporation or agency included in this
14 Act shall be used to pay the salary or wages of any person
15 who engages in a strike against the Government of the
16 United States or who is a member of an organization of
17 Government employees that asserts the right to strike against
18 the Government of the United States, or who advocates, or
19 is a member of an organization that advocates, the over-
20 throw of the Government of the United States by force or
21 violence: *Provided*, That for the purposes hereof an affi-
22 davit shall be considered prima facie evidence that the person
23 making the affidavit has not contrary to the provisions of
24 this section engaged in a strike against the Government of
25 the United States, is not a member of an organization of

1 Government employees that asserts the right to strike against
2 the Government of the United States, or that such person
3 does not advocate, and is not a member of an organization
4 that advocates, the overthrow of the Government of the
5 United States by force or violence: *Provided further*, That
6 any person who engages in a strike against the Government
7 of the United States or who is a member of an organization
8 of Government employees that asserts the right to strike
9 against the Government of the United States, or who advo-
10 cates, or who is a member of an organization that advocates,
11 the overthrow of the Government of the United States by
12 force or violence and accepts employment the salary or wages
13 for which are paid from any funds available to any corpora-
14 tion or agency included in this Act shall be guilty of a felony
15 and, upon conviction, shall be fined not more than \$1,000
16 or imprisoned for not more than one year, or both: *Provided*
17 *further*, That the above penalty clause shall be in addition
18 to, and not in substitution for, any other provisions of existing
19 laws.

20 SEC. 306. Title to all office buildings at the seat of Gov-
21 ernment, which are owned by wholly owned Government
22 corporations, and all right, title, or interest of such cor-
23 porations in the land upon which such buildings are located
24 are hereby transferred to the United States, and the Secre-
25 tary of the Treasury is authorized and directed to discharge

1 the indebtedness to the Treasury of any corporation holding
2 such rights, title, or interests in any such land or building to
3 the value thereof as determined by the Secretary of the
4 Treasury as of the date of transfer. Hereafter, such buildings
5 shall be controlled and managed in the same manner as pre-
6 scribed in the Act of March 1, 1919, as amended (40 U. S. C.
7 1). Wholly owned Government corporations requiring
8 space in office buildings at the seat of Government shall
9 occupy only such space as may be allotted in accordance with
10 the provisions of such act of March 1, 1919, as amended
11 (40 U. S. C. 1), and shall pay such rental thereon as may
12 be determined by the Federal Works Administrator, such
13 rental to include all cost of maintenance, upkeep, and repair.

14 SEC. 307. Section 104 of the Government Corporations
15 Control Act (Public Law 248, 79th Congress) is hereby
16 amended to read as follows:

17 "SEC. 104. The Budget programs transmitted by the
18 President to the Congress shall be considered and legislation
19 shall be enacted making necessary appropriations, as may
20 be authorized by law, making available for use such corporate
21 funds or other financial resources or limiting the use
22 thereof as the Congress may determine and providing
23 for repayment of capital funds and the payment of
24 dividends. Except as provided in such legislation, the pro-
25 visions of this section shall not be construed as preventing

1 wholly owned Government corporations from carrying out
2 and financing their activities as authorized by existing law,
3 nor as affecting the provisions of section 26 of the Tennessee
4 Valley Authority Act, as amended. The provisions of this
5 section shall not be construed as affecting the existing au-
6 thority of any wholly owned Government corporation to
7 make contracts or other commitments without reference to
8 fiscal-year limitations, as such authority may be necessary
9 to the execution of an approved budget program.”

10 SEC. 308. Section 101 of the Government Corporations
11 Control Act (Public Law 248, Seventy-ninth Congress) is
12 hereby amended by adding at the end thereof the following:

13 “This title shall apply to the same extent as to wholly
14 owned Government corporations and for the same purposes
15 to the following mixed-ownership Government corporations:
16 (1) The Central Bank for Cooperatives and the regional
17 banks for cooperatives, (2) Federal home loan banks,
18 and (3) Federal Deposit Insurance Corporation.”

19 SEC. 309. This Act may be cited as “The Government
20 Corporations Appropriation Act, 1948”.

Passed the House of Representatives June 11, 1947.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
1ST SESSION

H. R. 3756

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

JUNE 12 (legislative day, April 21), 1947

Read twice and referred to the Committee on Appropriations

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued July 15, 1947
For actions of July 14, 1947
80th-1st, No. 134

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HIGHLIGHTS: Senate passed agricultural appropriation bill. Senate committed reported Government corporations appropriation bill. Sen. Gurney introduced bill to amend Stockpiling Act (probably to reimburse CCC for materials furnished). Rep. Curtis introduced bill to exempt farmers' soil conservation costs from income taxes. House Rules Committee cleared measures to end certain emergency powers, provide for Science Foundation, and transfer Crab Orchard project. House committed reported bill to make specific provision for milk-price support. House received conference report on legislative appropriation bill.

SENATE

1. **AGRICULTURAL APPROPRIATION BILL.** Passed with amendments this bill, H. R. 3601 (pp. 9016, 9018-27).

Agreed to the following amendments: (1) By Sen. Cooper, Tenn. (for himself and Sens. Cordon and Unstead), to restore \$150,000 of the House cut of \$300,000 in the OFAR appropriation (pp. 9024-5). (2) By Sen. Saltonstall, Mass., to delete the provision under Research and Marketing Act of 1946 providing "That no part of this appropriation shall be available for work relating to fish or shellfish or any product thereof". (3) By Sen. Brooks, Ill. (for the committee), to increase to \$758,688 the D. C. salary limitation for salaries and expenses, E&PQ (p. 9024). Otherwise agreed to all committee amendments.

Sens. Brooks, Gurney, Reed, Bushfield, Russell, Hayden, and Tydings were appointed Senate conferees (p. 9026).

2. **GOVERNMENT CORPORATIONS APPROPRIATION BILL.** The Appropriations Committee reported this bill, H. R. 3756, with amendments affecting the Department as follows: Amounts under the provisions of the House bill limiting the amount of assessments to be made against FCA corporations by FCA for supervisory or other services were revised as follows: (a) Federal Farm Mortgage Corporation, \$400,000 (House bill, \$275,000; Budget estimate, \$421,302); (b) Federal Intermediate Credit Banks, \$181,250 (House bill, \$125,000; Budget estimate, \$296,286); (c) Production Credit Corporations, \$232,000 (House bill, \$160,000; Budget estimate, \$270,017); and (d) Regional Agricultural Credit Corporation of Washington, D. C., \$29,000 (House bill, \$20,000; Budget estimate, \$67,273). No changes were made in the administrative-expense limitations carried in the House bill for these corporations. The Senate Committee deleted all language proposed in Secs. 307

and 308 of the General Provisions as carried in the House bill amending Secs. 104 and 101 of the Government Corporations Control Act, respectively. The Senate bill also contains the following changes in authorizations to purchase passenger vehicles: (a) Federal Intermediate Credit Banks -- deletes language authorizing purchase of not over 10 passenger vehicles; and (b) Production Credit Corporations -- decreases the number of vehicles which may be purchased from 15 to 5. (S. Rept. 517; p. 8992.) No change was made in the provision for liquidation of Tenn. Valley Associated Cooperatives, Inc., by the Treasury Dept.

3. TAXATION. Passed, 60-32, without amendment H. R. 3950, the tax-reduction bill, which is the same as the vetoed bill except for the effective date (pp. 8999-904; 9007-16). This bill will now be sent to the President.
4. FISHERIES. The Interstate and Foreign Commerce Committee reported with amendment H. R. 3598, granting Congress' consent to an interstate compact regarding utilization of Pacific-coast fisheries (S. Rept. 513)(p. 8992).
5. PERSONNEL. The Joint Committee on Nonessential Expenditures submitted a report showing employment by departments and agencies (pp. 8992-3).
6. APPROPRIATIONS STAFF. The Appropriations Committee submitted a report on the staff of the Committee and their salaries (pp. 8994-5).
7. LANDS. The Public Lands Committee approved (but did not actually report) S.1368, to increase the size of isolated or disconnected tracts or parcels of the public domain which may be sold (p. D.531).
8. PERSONNEL. The Public Lands Committee approved (but did not actually report) H.R. 187, to include air transportation for Federal employees and their families residing in Alaska (p. D531).
9. SOIL CONSERVATION; SCHOOL LUNCH; WOOL. Sen. Williams, Del., inserted tables showing payments to States under the school lunch and agricultural conservation programs as compared to the calculated contributions of the States to these programs, and a similar comparison for the wool price-support program proposed in S. 814 (pp. 9026-7).
10. FLOOD CONTROL. Sen. Myers, Pa., inserted his statement before the Senate Appropriations Committee in favor of flood control and rivers and harbors appropriations for Pa. (pp. 8996-8).
11. PRICES. Sen. Barkley, Ky., inserted and discussed the President's statement on the probable effects of the settlement of the coal strike on the general price and wage structures (pp. 8995-6).
12. COMMENDATION. Sen. Malone, Nev., and others, commended Sen. Capper (Kans.) for his long career of public service, particularly for his service to agriculture (pp. 9017-8).
13. HOUSING. Sen. Myers, Pa., inserted a letter from a constituent opposing the Taft-Ellender-Wagner housing bill and his answer to the letter pointing out the advantages of the bill (pp. 8998-9).
Sen. Saltonstall, Mass., spoke in favor of "some general housing legislation" during this session of Congress and inserted a statement on the "Need for Housing in Massachusetts" (p. 9017).
14. GOVERNMENT CORPORATIONS APPROPRIATION BILL (continued). The Senate Committee decreased TVA \$4,350,662 below the House figure. Regarding TVA, the Committee



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No. 134

Senate

(Legislative day of Thursday, July 10, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Clarence Cranford, D. D., minister, Calvary Baptist Church, Washington, D. C., offered the following prayer:

O God, our Father, by whose grace we live and move and have our being, grant that we may have such a reverence for accuracy and such a respect for ideals that we may be able to serve well the day and generation in which we live.

In Jesus' name. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, July 12, 1947, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Daniel
Brewster	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Ives	Reed
Buck	Jenner	Revercomb
Bushfield	Johnson, Colo.	Robertson, Va.
Butler	Johnston, S. C.	Robertson, Wyo.
Byrd	Kem	Russell
Cain	Kilgore	Saltonstall
Capehart	Knowland	Smith
Capper	Langer	Sparkman
Chavez	Lodge	Stewart
Connally	Lucas	Taft
Cooper	McCarran	Taylor
Cordon	McCarthy	Thomas, Okla.
Donnell	McClellan	Thye
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Eastland	McKellar	Vandenberg
Ecton	McMahon	Watkins
Ellender	Magnuson	Wherry
Ferguson	Malone	White
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	Millikin	Wilson
Green	Moore	Young
Gurney	Morse	

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present.

The Chair desires to make an announcement.

For the information of the Senate, the Chair wishes to report to his colleagues that at this morning's congressional conference at the White House the President confirmed the statement made Saturday evening by the distinguished minority leader, the senior Senator from Kentucky [Mr. BARKLEY], regarding the timetable for the pending tax bill. The President stated that he will act promptly when the tax bill reaches him, and Congress will be promptly advised, so that there need be no interference with the adjournment schedule on this account.

The President also stated that he does not presently contemplate or anticipate a special session of the Congress next fall, although, of course, he must reserve to himself the right to act in the event of an emergency.

The Chair thought the Senate should have this direct information.

ANNOUNCEMENT OF HEARINGS ON FAIR EMPLOYMENT PRACTICE BILL

Mr. DONNELL. Mr. President, announcement is hereby made that the subcommittee of the Committee on Labor and Public Welfare, which consists of the Senator from New Jersey [Mr. SMITH], the Senator from New York [Mr. IVES], the Senator from Montana [Mr. MURRAY], the Senator from Louisiana [Mr. ELLENDER], and myself, of which subcommittee I am chairman, is considering Senate bill 984 and will hold an open public hearing in respect to that bill on Wednesday, July 16, 1947, at 10 o'clock a. m., and will hold another hearing with respect to said bill on Thursday, July 17, 1947, beginning at 10 a. m.

The hearings are scheduled to be held in the office of the Committee on Labor and Public Welfare.

Senate bill 984 is entitled "A bill to prohibit discrimination in employment because of race, religion, color, national origin, and ancestry."

MEETINGS OF COMMITTEES DURING SENATE SESSION

Mr. WHITE. Mr. President, I have been asked to request that the Committee on the Judiciary of the Senate might sit during the present day's session of the Senate.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. WHITE. I have also been asked to request that a subcommittee of the Committee on Public Lands be permitted to sit during the session of the Senate this afternoon.

The PRESIDENT pro tempore. Without objection, the order is made.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

TEMPORARY AID TO AND REPATRIATION OF UNITED STATES NATIONALS

A letter from the Secretary of State, transmitting a draft of proposed legislation to authorize temporary aid to and repatriation of nationals of the United States in need in foreign countries, and for other purposes (with an accompanying paper); to the Committee on Foreign Relations.

ALASKA CENTRAL ROAD SYSTEM

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the construction of a road connecting the Kenai Peninsula, Alaska, with the central road system of the Territory (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were presented and referred as indicated:

By Mr. TYDINGS:

Resolutions adopted by the Baltimore (Md.) Chapter of Hadassah, Inc., favoring the establishment of a Jewish national home

in Palestine; to the Committee on Foreign Relations.

A memorial of sundry railroad employees of Baltimore, Md., remonstrating against certain provisions of the so-called Crosser bill to amend the Railroad Retirement Act; to the Committee on Labor and Public Welfare.

A petition of sundry members of the State Council of Maryland, Daughters of America, praying for the enactment of House bill 138 to deny admittance into the United States to all immigrants while the number of unemployed persons within the United States is 100 or more, and sundry other legislation; to the Committee on the Judiciary.

A memorial of sundry members of the State Council of Maryland, Daughters of America, remonstrating against the enactment of House bill 36, to make available to certain European nationalities having small quotas the unused parts of the quotas of other European nationalities, and sundry other legislation; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

S. 885. A bill to provide that the Canadian-built dredge *Ajax* and certain other dredging equipment owned by a United States corporation be documented under the laws of the United States; without amendment (Rept. No. 512); and

H. R. 3598. A bill granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Pacific coast and creating the Pacific Marine Fisheries Commission; with an amendment (Rept. No. 513).

By Mr. WHITE, from the Committee on Interstate and Foreign Commerce:

H. R. 3247. A bill to provide basic authority for the performance of certain functions and activities of the Coast and Geodetic Survey, and for other purposes; without amendment (Rept. No. 514); and

H. R. 3494. A bill to integrate certain personnel of the former Bureau of Marine Inspection and Navigation and the Bureau of Customs into the Regular Coast Guard, to establish the permanent commissioned personnel strength of the Coast Guard, and for other purposes; without amendment (Rept. No. 515).

H. R. 3672. A bill to create an Academic Advisory Board for the United States Merchant Marine Academy; without amendment (Rept. No. 516).

By Mr. FERGUSON, from the Committee on Appropriations:

H. R. 3756. A bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; with amendments (Rept. No. 517).

By Mr. McCARTHY, from the Committee on Banking and Currency:

S. 421. A bill to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the entrance of the Utah pioneers into Salt Lake Valley on July 24, 1847; without amendment (Rept. No. 518).

By Mr. WILEY, from the Committee on the Judiciary:

S. 1039. A bill for the relief of Ada B. Foss; without amendment (Rept. No. 519);

S. 1077. A bill to amend the Administrative Procedure Act to authorize commissioned officers of the Coast Guard to preside at the taking of evidence in proceedings under section 4450 of the Revised Statutes, as amended, and for other purposes; with amendments (Rept. No. 520); and

H. R. 2746. A bill to provide secretaries for circuit and district judges; without amendment (Rept. No. 521).

By Mr. VANDENBERG, from the Committee on Foreign Relations:

S. J. Res. 144. Joint resolution authorizing the President to bring into effect an agreement between the United States and the United Nations for the purpose of establishing the permanent headquarters of the United Nations in the United States and authorizing the taking of measures necessary to facilitate compliance with the provisions of such agreement, and for other purposes; with an amendment (Rept. No. 522).

By Mr. WATKINS, from the Committee on Public Lands:

S. 310. A bill authorizing the issuance of a patent in fee to Jonah Williams; with amendments (Rept. No. 528);

S. 311. A bill authorizing the issuance of a patent in fee to Charles Ghost Bear, Sr.; with an amendment (Rept. No. 523);

S. 312. A bill authorizing the issuance of a patent in fee to Charles Kills the Enemy; with an amendment (Rept. No. 524);

S. 313. A bill authorizing the issuance of a patent in fee to Calvin W. Clincher; with amendments (Rept. No. 529);

S. 499. A bill authorizing the issuance of a patent in fee to Mrs. Bessie Two Elk-Poor Bear; with an amendment (Rept. No. 525);

S. 500. A bill authorizing the issuance of a patent in fee to Tom Eagleman; with an amendment (Rept. No. 526);

S. 542. A bill authorizing the issuance of a patent in fee to Mrs. Ella White Bull; with amendments (Rept. No. 530);

S. 1372. A bill authorizing the Wyandotte Tribe of Oklahoma to sell tribal cemetery; with an amendment (Rept. No. 527);

H. R. 205. A bill to amend the act approved May 7, 1934, granting citizenship to the Metlakatla Indians of Alaska; without amendment (Rept. No. 532);

H. R. 734. A bill to amend the act of February 12, 1925, and for other purposes; without amendment (Rept. No. 533);

H. R. 981. A bill to amend section 2 of the act of January 29, 1942 (56 Stat. 21), relating to the refund of taxes illegally paid by Indian citizens; with amendments (Rept. No. 531);

H. R. 1337. A bill authorizing a per capita payment of \$50 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation; without amendment (Rept. No. 534);

H. R. 1486. A bill to authorize and direct the Secretary of the Interior to issue to Alice Scott White a patent in fee to certain land; without amendment (Rept. No. 535);

H. R. 1882. A bill for expenditure of funds for cooperating with the public-school board at Walker, Minn., for the extension of public-school facilities to be available to all Indian children in the district; without amendment (Rept. No. 536);

H. R. 2097. A bill to declare the ownership of the timber on the allotments on the Northern Cheyenne Indian Reservation, and to authorize the sale thereof; without amendment (Rept. No. 537);

H. R. 2151. A bill authorizing the Secretary of the Interior to issue a patent in fee to Erle E. Howe; without amendment (Rept. No. 538);

H. R. 2484. A bill to authorize the payment of certain sums to jobbers in connection with their logging of timber for the Menominee Indians on the Menominee Reservation during the logging season 1934-35, and for other purposes; without amendment (Rept. No. 539);

H. R. 2825. A bill to provide additional funds for cooperation with public-school districts (organized and unorganized) in Mahnomen, Itasca, Pine, Becker, and Cass Counties, Minn., in the construction, improvement, and extension of school facilities to be available to both Indian and white children; without amendment (Rept. No. 540);

H. R. 2885. A bill authorizing the Secretary of the Interior to issue a patent in fee

to Becker Little Light; without amendment (Rept. No. 541);

H. R. 2886. A bill authorizing the sale, under supervision, of land of Richard Little Light; without amendment (Rept. No. 542);

H. R. 3173. A bill relative to restrictions applicable to Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; without amendment (Rept. No. 543); and

H. R. 3323. A bill to enable the Osage Tribal Council to determine the bonus value of tracts offered for lease for oil, gas, and other mining purposes, Osage Mineral Reservation, Okla.; without amendment (Rept. No. 544).

By Mr. ECTON, from the Committee on Public Lands:

S. 1150. A bill authorizing the issuance of a patent in fee to Mrs. Margert Pickett Yellowtail; with an amendment (Rept. No. 545).

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, July 14, 1947, he presented to the President of the United States the enrolled joint resolution (S. J. Res. 129) to provide for the appropriate commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

Br. Mr. WILEY, from the Committee on the Judiciary:

T. Vincent Quinn, of New York, to be an Assistant Attorney General to fill an existing vacancy;

Alton Adolor Lessard, of Maine, to be United States attorney, for the district of Maine, vice Hon. John D. Clifford, Jr., resigned;

Leo P. Flynn, of South Dakota, to be United States attorney for the district of South Dakota, vice George Philip, resigned; and

A. Roy Ashley, of South Carolina, to be United States marshal for the western district of South Carolina, vice Reuben Gosnell, term expired.

ADDITIONAL REPORT OF JOINT COMMITTEE ON NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL PERSONNEL

Mr. BYRD. Mr. President, I ask unanimous consent to present an additional report of the Joint Committee on Nonessential Federal Expenditures, relating to Federal personnel, and I request that the report, together with a statement by me, be printed in the Record.

There being no objection, the report and statement presented by Mr. BYRD were ordered to be printed in the Record, as follows:

ADDITIONAL REPORT OF THE JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES, CONGRESS OF THE UNITED STATES, PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941, ON FEDERAL PERSONNEL, APRIL-MAY 1947

FEDERAL PERSONNEL IN THE EXECUTIVE BRANCH, MAY 1947, AND COMPARISON WITH APRIL 1947

(All figures compiled from reports submitted by the heads of Federal establishments or their authorized representatives)

According to monthly personnel reports submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures, Federal personnel within the United States during the month of May decreased 19,334 from a total of 1,933,667 in April to 1,914,333

MAKING APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1948

JULY 14 (legislative day, JULY 10), 1947.—Ordered to be printed

Mr. FERGUSON, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 3756]

The Committee on Appropriations to whom was referred the bill (H. R. 3756) entitled "An act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes," report the same to the Senate with various amendments and submit information relative to the changes made.

APPROPRIATIONS

Amount of bill as passed by House	\$36, 097, 580
Amount of bill as recommended by the Senate committee	31, 746, 918
Net reduction under the House bill	4, 350, 662
House allowance under budget estimates by	14, 039, 920
Senate committee allowance under budget estimates by	18, 390, 582

ADMINISTRATIVE EXPENSE AUTHORIZATIONS

Amount of bill as passed by House	41, 649, 700
Amount of bill as recommended by Senate committee	47, 435, 000
Net increase over the House bill	5, 785, 300

House allowance under budget estimates by----- \$14, 847, 550

Senate committee allowance under budget
estimates by----- 9, 062, 250

The net effect of the committee's action is to reduce appropriations by 31 percent under the budget estimates and by 12 percent under the House allowance. In the case of administrative expense authorizations, which do not involve appropriation of funds from the Treasury but which set a limit on the amount and use of corporate funds, the committee has seen fit to make changes which, percentagewise, have the following effects: 19 percent under the budget estimates and 14 percent over the House allowance.

TENNESSEE VALLEY AUTHORITY

The Senate committee has given most careful consideration to the items submitted by the TVA in its budget program. As a result of this consideration, it is very apparent that the TVA was unable during the past fiscal year to complete the full program provided by 1947 appropriations. There has been no important change in conditions affecting the labor and material market so that the committee could anticipate any substantial increase in the rate of construction during the coming year. Further, the committee feels that the Government should not compete with private industry for the limited supply of labor and materials.

During the past fiscal year total appropriated funds available were \$39,906,000. In round figures the program effected in fiscal year 1947 was \$25,000,000, according to the most recent estimate, of which amount \$7,850,000 was for operating expenses and \$17,150,000 for all construction purposes. Therefore, the committee decided that for the fiscal year 1948 it would recommend a program from appropriated funds the equivalent of the accomplishments of the past year. This has been done by recommending a new appropriation of \$13,117,521 which, with an estimated carry-over of \$12,000,000, will total \$25,117,521. The new appropriation is \$9,025,979 less the amount recommended by the House. The amount provided from the new appropriation for construction is \$8,744,500 less an adjustment of \$500,000 for depreciation; the amount for operation is \$4,850,000 and an item of \$23,021 is for inventory, or a total of \$13,117,521.

The appropriated funds will provide \$8,744,500 for construction purposes; \$3,205,500 for Hales bar project; \$550,000 for other navigation features; \$3,000,000 for chemical-plant maintenance and replacement; and \$1,899,000 for general plant and miscellaneous items.

In considering the construction of the two dams at Watauga and South Holston, it is the committee's intention that during the coming year the funds devoted to these projects be obtained from unobligated balances of 1947, which will amount to at least \$12,000,000.

Of the operating funds the committee has allowed \$3,000,000 for resource development and \$1,483,000 for fertilizer research, with a directive to the agency that there be submitted a report to the committee showing that the TVA program of research is fully coordinated with the Department of Agriculture's research program.

The committee does not concur in the plan provided by the House for the amortization of the TVA power investment but has made provision for the repayment of \$10,500,000 in 1948 as was provided by the House. The Comptroller General has made an exhaustive study of TVA and will shortly submit to the Congress his report, which will include recommendations for repayment. The committee believes legislation should await the consideration of this report.

FEDERAL PUBLIC HOUSING AUTHORITY

Direct Federal financial participation in the low-rent housing program for families in the low-income groups is by the payment of annual contributions to local housing authorities for the sole purpose of meeting annual charges for principal and interest on their outstanding indebtedness. The evidence of the United States participation is in the annual contribution contract between the Federal Public Housing Authority and the local housing authority. This contract provides that the Federal contribution is to be used only for payment of principal and interest up to a certain maximum amount and, further, that the payment will be the maximum only if sufficient net income does not result from the housing operation; if a lesser amount will suffice, then that is all the contract requires.

Therefore, because the net income is directly affected by the reserves set aside and payments in lieu of taxes, the House has attempted to recapture the sums placed in the various reserves and to establish a firm limit on the amount of payments in lieu of taxes. The committee agrees that the amount paid in lieu of taxes should be limited by the contracts originally entered into between the local housing authorities and the local municipal authorities. The committee finds itself in disagreement with the House, however, in its proposal to use the reserves already established as it believes this would be illegal and a violation of the spirit of the understanding which exists between the bond owners and the various authorities concerned. Proper remedy lies within the Federal Public Housing Authority through its regulations establishing the amount and scope of the reserves.

SECTIONS 307 AND 308 OF THE BILL

Objections raised by the corporations affected by sections 307 and 308 of the bill centered on the inability of the corporations to forecast their budget needs so far in advance of the period in which expenditures would be incurred. The complaint was repeated in each instance that budget restrictions would hamper the flexibility of corporate action—flexibility being the prime reason for using the corporate form to discharge a Government function.

The committee carefully analyzed both of these sections at considerable length and came to the inescapable conclusion that both provisions are in the category of substantive legislation. Hence, they violate the intent of the Legislative Reorganization Act of 1946 that such legislation should not be made part of any appropriations measure.

For this reason and for the reasons set forth in the preceding paragraph, these sections have been deleted, therefore, although the committee sincerely hopes that they will be given due consideration by the appropriate committees of the House and Senate at a subsequent time.

FARM CREDIT ADMINISTRATION

The administrative expenses of Farm Credit Administration are met, for the most part, by assessments against the constituent organizations that are supervised by FCA. Appropriations action by the House, as compared with allowances requested for assessment by this agency against four corporations it supervises, is as follows:

Corporation	Budget allowance	House allowance	Reduction
Federal Farm Mortgage Corporation-----	\$421, 302	\$275, 000	\$146, 302
Federal intermediate credit banks-----	296, 286	125, 000	171, 286
Production credit corporations-----	270, 017	160, 000	110, 017
Regional Agricultural Credit Corporation-----	67, 273	20, 000	47, 273
Total-----	1, 054, 878	580, 000	474, 878

In the light of the Farm Credit Administration's testimony that the reductions made would impair the appraisal, custodial, and examination duties required of it in its supervising of these corporations, the committee recommended partial restoration of these administrative expense assessments for supervision as follows:

Corporation	House allowance	Committee restoration	Total
Federal Farm Mortgage Corporation-----	\$275, 000	\$125, 000	\$400, 000
Federal intermediate credit banks-----	125, 000	56, 250	181, 250
Production credit corporations-----	160, 000	72, 000	232, 000
Regional Agricultural Credit Corporation-----	20, 000	9, 000	29, 000
Total-----	580, 000	262, 250	842, 250

It is the committee's judgment that the amounts restored will permit of more effective supervision over these important farm-credit agencies. No change, it should be pointed out, has been made in the total administrative expenses authorizations for these corporations from which FCA assessments are taken.

OFFICE OF THE HOUSING EXPEDITER

A liquidation budget of \$3,539,080 was recommended by the House for the Office of the Housing Expediter, an amount which would have sufficed had the recently enacted Housing and Rent Act of 1947 not placed upon this Office certain additional duties until March 1, 1948. The liquidation allowance of \$3,539,080 has been increased by the committee to \$4,714,397, or \$1,175,317 additional for performing functions included in the new rent-control law.

The Housing Expediter requested an increase over the House allowance of \$1,610,440, of which amount \$1,135,123 would be used for securing compliance with the veterans' preference provisions in connection with the sale or rental of housing.

While there is an admitted problem in obtaining housing for veterans, the committee is of the opinion that \$700,000 would suffice for compliance purposes, particularly since this work will be necessary

only for 7 months and there was no evidence presented that there is widespread abuse of the veterans' preference provisions. The total reduction of \$435,123, therefore, has been applied against the compliance function.

VIRGIN ISLANDS COMPANY

Subsequent to passage of the House bill, the Virgin Islands Company submitted a request for authority to borrow from the Treasury a sum not in excess of \$500,000, in order to carry out the programs of the Company. While the committee is not satisfied with the manner in which the Company's affairs have been handled, particularly the rapid turn-over of top management personnel in recent months, it also recognizes the tremendous importance of this Company to the economic welfare of the islands. Accordingly, it recommends that the Virgin Islands Company be authorized to borrow during the fiscal year 1948 not in excess of \$500,000 from the Treasury. The Federal Government has here an insular problem that it should not ignore.

The changes in the amounts of the House bill recommended by the committee are as follows:

INCREASES AND LIMITATIONS

TITLE I. APPROPRIATIONS

Office of the Housing Expediter:

Salaries and expenses.....	\$1, 175, 317
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This amount is necessary for administrative expenses in connection with duties imposed by the Housing and Rent Act of 1947, enacted subsequent to House action. (See p. 4 of this report.)

House bill.....	\$3, 539, 080
Senate bill.....	4, 714, 397
Budget estimate.....	7, 765, 000

It is recommended by the committee that the following language be stricken from the bill:

HOUSING EXPEDITER

Salaries and expenses, Housing Expediter: For all expenses, including penalty-mail costs, necessary to the liquidation of the Office of the Housing Expediter, which liquidation shall be completed by June 30, 1948, \$3,539,080, of which \$1,900,000 shall be available exclusively for terminal leave. And that the following paragraph be inserted in lieu thereof:

Salaries and expenses, Office of the Housing Expediter: For all expenses, including penalty-mail costs, necessary to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 and to liquidate the functions of the Office of the Housing Expediter performed under Public Law 388, Seventy-ninth Congress, and title I of the Housing and Rent Act of 1947 (which liquidation shall be completed by June 30, 1948), including hire of passenger motor vehicles; services as authorized by section 15 of the act of August 2, 1946 (Public Law 600), but at rates for individuals not in excess of \$35 per diem; and not to exceed \$5,000 for payment of claims pursuant to part 2 of the Federal Tort Claims Act, \$4,714,397, of which \$1,908,000 shall be available exclusively for terminal leave.

Federal Public Housing Authority:

Annual contributions-----	\$3, 500, 000
(See p. 3 of this report.)	
House bill-----	\$2, 200, 000
Senate bill-----	5, 700, 000
Budget estimate-----	7, 200, 000

It is recommended by the committee that the following proviso be stricken from the bill:

Provided further, That no part of this appropriation shall be used to pay more than the annual contribution that otherwise would be due or payable with respect to any public housing agency less an amount equal to one-half the total sum shown on the books of such agency as of March 31, 1947, as working capital reserve, reserve for repairs, maintenance and replacements, reserve for vacancy and collection losses, and all other reserves:

Total, increase, title I-----	4, 675, 317
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DECREASES AND LIMITATIONS

APPROPRIATIONS

Tennessee Valley Authority-----	9, 025, 979
(See p. 2 of this report.)	
House bill-----	\$22, 143, 500
Senate bill-----	13, 117, 521
Budget estimate-----	27, 057, 500

Net decrease, title I-----	4, 350, 662
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TITLE II. ADMINISTRATIVE EXPENSES (LIMITATIONS ON AMOUNTS OF CORPORATE FUNDS TO BE EXPENDED)

INCREASES AND LIMITATIONS

National Housing Administration:

Federal Home Loan Bank Administration-----	\$300, 000
House bill-----	\$1, 250, 000
Senate bill-----	1, 550, 000
Budget estimate-----	1, 965, 000
Home Owners' Loan Corporation-----	500, 000
House bill-----	\$3, 000, 000
Senate bill-----	3, 500, 000
Budget estimate-----	3, 723, 000

The committee, after considering the work load of this agency, decided to increase the administrative expenses authorization by \$500,000, or \$223,000 less than the full restoration requested by HOLC officials. This allowance should make it possible for the Corporation to effect a more rapid decrease of its outstanding deficit.

Federal Public Housing Authority-----	2, 600, 000
House bill-----	\$10, 400, 000
Senate bill-----	13, 000, 000
Budget estimate-----	15, 600, 000

It is recommended by the committee that the following proviso be stricken from the bill:

Provided, That the number of officers and employees receiving compensation in excess of \$4,500 per annum shall not exceed 20 per centum of the total number of officers and employees paid from such funds:

Defense Homes Corporation.....	\$3, 300
House bill.....	\$3, 000
Senate bill.....	12, 300
Budget estimate.....	12, 300

The House action provided \$3,000 for terminal-leave purposes only, requiring that the Corporation's remaining assets be turned over to RFC for final liquidation. This Corporation requested \$12,300 for such purposes and for continuation of its operations during the first quarter of fiscal 1948.

The committee was of the opinion that it would be more economic and efficient to continue the liquidation under the National Housing Agency, particularly because the Corporation is now negotiating for the disposal of the few remaining units in its possession.

It is recommended by the committee that the following paragraph be stricken from the bill:

Defense Homes Corporation: Not to exceed \$3,000 shall be available for payment of terminal leave only. Immediately upon the enactment hereof, the National Housing Administrator shall transfer or cause to be transferred to the Reconstruction Finance Corporation without reimbursement or other consideration all of the capital stock of Defense Homes Corporation, together with the stock certificates evidencing the ownership of such stock. All assets and liabilities of every kind and nature, together with all records, of Defense Homes Corporation are hereby transferred effective July 1, 1947, to the Reconstruction Finance Corporation without reimbursement or other consideration for the purpose of liquidation thereof in an orderly manner. Upon receipt of such stock, the Reconstruction Finance Corporation shall proceed with diligence to liquidate the affairs of the Defense Homes Corporation as soon as practicable, including realization of the cash value of all its assets and settlement of all its legal liabilities, including the existing indebtedness of Defense Homes Corporation to the Reconstruction Finance Corporation. Any net proceeds thereafter remaining shall be covered into the Treasury in the same manner and in accordance with the same requirements as are applicable for the disposition of net income realized by the Reconstruction Finance Corporation from its operations. Such of the personnel of the Federal Public Housing Authority (not to exceed eight persons) as have been employed primarily on duties relating to the Defense Homes Corporation and are found by the Reconstruction Finance Corporation to be necessary and qualified to assist in the liquidation herein authorized and directed, shall be transferred to the Reconstruction Finance Corporation as of the date requested by it.

And that the following paragraph be inserted in lieu thereof:

Defense Homes Corporation: Not to exceed \$12,300 for the purposes of liquidation, including \$3,000 for payment of terminal leave, shall be available for administrative expenses which shall be on an accrual basis: Provided, That such administrative expenses shall be exclusive of interest paid, depreciation, properly capitalized expenditures, repayment of loans, property operating expenses (including project inventory), charges to surplus and operating reserve, and cost of sales of commodities, services, and property: Provided further, That advances of funds made in connection with the operation of housing properties are hereby authorized.

Total increase in limitations for administrative expenses.....

3, 409, 300

Tennessee Valley Authority:

It is recommended by the committee that the following paragraph relative to the payment of outstanding bonded indebtedness be stricken from the bill:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues, not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and not less than 40 per centum of the remainder of such net income into the Treasury of the United States as miscellaneous receipts. In the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness, shall be so paid. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation.

And that the following paragraph be inserted in lieu thereof:

Tennessee Valley Authority: Payments of \$2,500,000 (exclusive of interest) of its outstanding indebtedness to the Treasury of the United States, and \$8,000,000 from earnings, shall be paid as miscellaneous receipts into the Treasury of the United States before June 30, 1948.

Amount of bill as reported to Senate----- \$31,746,918

COMPARISON OF APPROPRIATIONS FOR 1947, ESTIMATES FOR 1948, AND AMOUNTS CARRIED IN THE BILL FOR 1948

Agency	Appropriations, 1947	Budget estimates, 1948	Recommended in House bill, 1948	Recommended in Senate bill, 1948	Increase (+) or decrease (-), Senate compared with—		
					Total, 1947	Budget esti- mates, 1948	House bill, 1948
Tennessee Valley Authority	\$39,905,000	1 \$27,057,500	\$22,143,500	\$13,117,521	-\$26,788,479	-\$13,939,979	-\$9,025,979
Housing Expediter	2 \$6,457,500	7,765,000	3,539,080	6 4,714,397	-1,743,103	-3,050,630	+1,175,317
National Housing Agency:							
Office of the Administrator	(3 5)	(4)	100,000	100,000	+100,000	+100,000	0
Federal Public Housing Authority	8,300,000	7,200,000	2,200,000	5,700,000	-2,009,000	-1,500,000	+3,500,000
Department of State:							
Institute of Inter-American Affairs	3,456,710	7,000,000	7,000,000	7,000,000	+3,513,200	0	0
Inter-American Educational Foundation, Inc.	4,083,577	4,115,000	1,115,000	1,115,000	+31,423	0	0
Total	59,203,787	50,137,500	36,097,580	31,746,918	-27,456,369	-18,390,582	-4,350,662

1 Exclusive of \$15,552,654 unexpended balance of 1947 appropriation continued available in 1948.
2 Received by transfer from "Salaries and expenses, Office of the Administrator and Expediter, National Housing Agency."
3 Salaries and expenses in 1947 were obtained by transfer from constituent units of the National Housing Agency, in estimated amount of \$745,500.
4 Budget contemplated transfer of salaries and expenses from constituent units of National Housing Agency in estimated amount of \$1,215,000.
5 Represents 5½ months from Jan. 11, 1947 (the effective date of Executive Order 9820), to June 30, 1947.
6 Includes \$1,175,317 on account of Public Law 129, 1947, not submitted to the House.

ADMINISTRATIVE EXPENSES

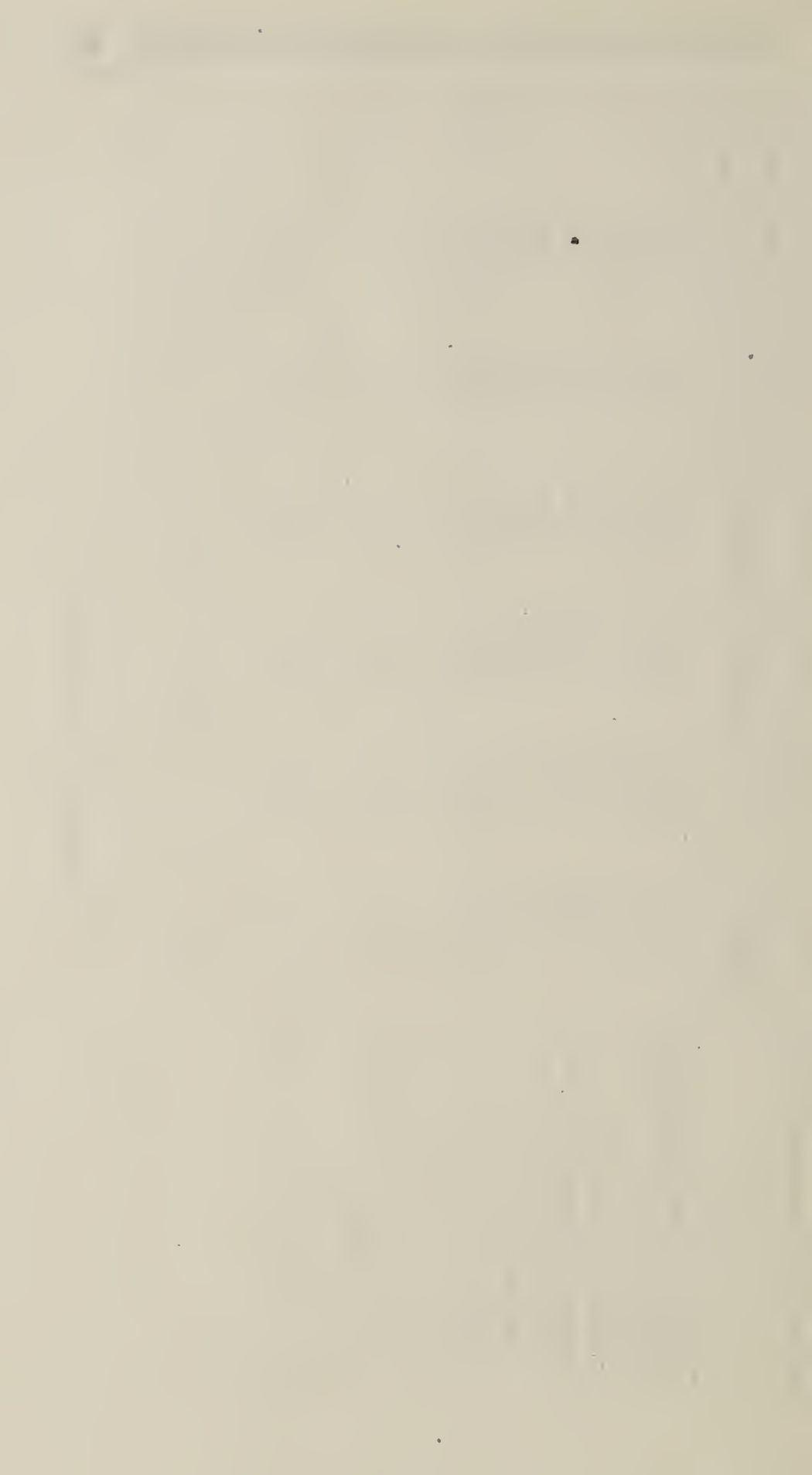
[Limitations on amounts of corporate funds to be expended]

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in House bill 1948	Recommended by Senate, 1948	Increase (+) or decrease (-), Senate compared with—		
					Total, 1947	Budget estimates, 1948	House bill, 1948
Export-Import Bank.....	\$780,000	\$842,000	\$800,000	\$800,000	+\$20,000	-\$42,000	0
Panama Railroad Company.....	760,000	779,700	750,000	750,000	-10,000	-29,700	0
Tennessee Valley Association Co-ops.....	2,500	2,500	12,500	2,500	0	0	0
National Housing Agency:							
Federal Home Loan Bank Administration.....	1,641,000	1,965,000	1,250,000	1,550,000	-91,000	-415,000	+\$300,000
Federal Savings and Loan Insurance Corporation.....	550,000	670,000	532,000	532,000	-18,000	-138,000	0
Home Owners' Loan Corporation.....	4,650,000	3,723,000	3,000,000	3,500,000	-1,150,000	-223,000	+\$500,000
Federal Housing Administration.....	17,624,000	24,000,000	17,624,000	20,000,000	+\$2,376,000	-4,000,000	+\$2,376,000
Federal Public Housing Authority.....	19,900,000	15,600,000	10,400,000	13,000,000	-6,900,000	-2,600,000	+\$2,600,000
Defense Homes Corporation.....	108,400	12,300	23,000	12,300	-94,100	0	+\$9,300
Department of Agriculture:							
Federal Farm Mortgage Corporation.....	\$4,050,000	\$3,235,000	\$2,750,000	\$2,750,000	-1,300,000	-485,000	0
Federal Intermediate Credit Banks.....	1,585,000	1,755,000	1,250,000	1,250,000	-335,000	-505,000	0
Production credit corporations.....	1,650,000	1,702,000	1,600,000	1,600,000	-50,000	-102,000	0
Regional Agricultural Credit Corporation.....	341,000	300,000	200,000	200,000	-141,000	-100,000	0
Department of Commerce:							
Inland Waterways Corporation.....	640,000	418,100	418,100	418,100	-221,900	0	0
Warrior River Terminal Company.....	20,200	20,100	20,100	20,100	-100	0	0
Department of the Interior: Virgin Islands Company.....	20,000	20,000	20,000	20,000	0	0	0

Administrative expenses—Continued

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in House bill 1948	Recommended by Senate, 1948	Increase (+) or decrease (-), Senate compared with—	
					Total, 1947	Budget estimates, 1948
Department of Justice: Federal Prison Industries, Inc.....	\$268,826	\$240,000	\$225,000	\$225,000	-\$13,826	-\$15,000
Department of State:						
Institute of Inter-American Affairs.....	774,400	788,000	550,000	550,000	-224,400	-238,000
Institute of Inter-American Transportation.....	50,500	15,700	23,000	3,000	-47,500	-12,700
Inter-American Educational Foundation.....	365,000	400,000	250,000	250,000	-115,000	-150,000
Prencinradio, Inc.....	11,000	8,850	2,000	2,000	-9,000	-6,850
Total.....	55,780,826	56,497,250	41,649,700	47,433,000	-8,354,826	-9,062,250
						+5,785,300

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80TH CONGRESS
1ST SESSION

[Report No. 517]

JUNE 12 (legislative day, APRIL 21), 1947

JULY 14 (legislative day, JULY 10), 1947

Reported by Mr. FERGUSON, with amendments

[Omit the part struck through and insert the part printed in *italic*]

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1948, namely:

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16

1 U. S. C., ch. 12A), ~~\$22,143,500~~ \$13,117,521, including not
 2 to exceed ~~\$3,253,979~~ for the construction of South Holston
 3 Dam and Watauga Dam and including not to exceed
 4 ~~\$6,686,000~~ \$3,000,000 for chemical plant additions main-
 5 tenance and replacement; ~~purchase~~, hire, maintenance, re-
 6 pair, and operation of aircraft, and the purchase of ~~two~~
 7 ~~hundred and twenty-one~~ one hundred and hire of passenger
 8 motor vehicles; penalty mail (not to exceed \$20,000), to-
 9 gether with the unexpended balance of funds heretofore
 10 appropriated (the unobligated portion of such unexpended
 11 balance to be expended only for public works commenced
 12 prior to July 1, 1947), to remain available until expended,
 13 and to be available for the payment of obligations chargeable
 14 against prior appropriations: *Provided, That of said unex-*
 15 *pended balance, \$12,000,000 is to be available for the con-*
 16 *struction of the Watauga and South Holston Dams.*

17 HOUSING EXPEDITER

18 Salaries and expenses, Housing expediter: For all
 19 expenses, including ~~penalty mail costs~~, necessary to the
 20 liquidation of the Office of the Housing Expediter, which
 21 liquidation shall be completed by June 30, 1948, ~~\$3,539,080~~,
 22 of which ~~\$1,900,000~~ shall be available exclusively for ter-
 23 minal leave.

24 *Salaries and expenses, Office of the Housing Expediter:*
 25 *For all expenses, including penalty mail costs, necessary to*

1 enable the Housing Expediter to perform his functions pur-
 2 suant to title I of the Housing and Rent Act of 1947 and to
 3 liquidate the functions of the Office of the Housing Expediter
 4 performed under Public Law 388, Seventy-ninth Congress,
 5 and title I of the Housing and Rent Act of 1947 (which
 6 liquidation shall be completed by June 30, 1948), including
 7 hire of passenger motor vehicles; services as authorized by
 8 section 15 of the Act of August 2, 1946 (Public Law 600),
 9 but at rates for individuals not in excess of \$35 per diem;
 10 and not to exceed \$5,000 for payment of claims pursuant to
 11 part 2 of the Federal Tort Claims Act, \$4,714,397, of which
 12 \$1,908,000 shall be available exclusively for terminal leave.

13 NATIONAL HOUSING AGENCY

14 OFFICE OF THE ADMINISTRATOR

15 Salaries and expenses, Office of the Administrator,
 16 \$100,000, including cost of penalty mail: *Provided*, That
 17 the cost of terminal leave of any personnel of the Office of
 18 the Administrator shall be paid out of funds available for
 19 administrative expenses to the constituent units of the Na-
 20 tional Housing Agency:—*Provided further*, That, other than
 21 for payment of terminal leave, no funds of the constituent
 22 units of the National Housing Agency or any other depart-
 23 ment or agency of the Government shall be available for
 24 the use or expenditure of, or the detail of personnel other
 25 than the Administrator, to the Office of the Administrator.

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), ~~\$2,200,000~~ \$5,700,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorable) from, or the family of any serviceman who died in, the armed forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority: ~~*Provided further*~~, That no part of this appropriation shall be used to pay more than the annual contribution that otherwise

1 would be due or payable with respect to any public housing
2 agency less an amount equal to one-half the total sum shown
3 on the books of such agency as of March 31, 1947, as
4 working capital reserve, reserve for repairs, maintenance and
5 replacements, reserve for vacancy and collection losses, and
6 all other reserves: *Provided further*, That all expenditures
7 of this appropriation shall be subject to audit and final settle-
8 ment by the Comptroller General of the United States under
9 the provisions of the Budget and Accounting Act of 1921,
10 as amended.

11 DEPARTMENT OF STATE

12 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

13 For the payment of obligations incurred under the con-
14 tract authorization of \$18,000,000 under the head "Office
15 of the Coordinator of Inter-American Affairs" in the Na-
16 tional War Agencies Appropriation Act, 1944, \$7,000,000:
17 *Provided*, That this appropriation shall be available only
18 for completion of programs heretofore inaugurated and for
19 the liquidation of The Institute of Inter-American Affairs.

20 INTER-AMERICAN EDUCATIONAL FOUNDATION,

21 INCORPORATED

22 For the payment of obligations incurred under the con-
23 tract authorization of \$2,500,000 under the head "Office
24 of the Coordinator of Inter-American Affairs" in the Na-
25 tional War Agency Appropriation Act, 1945, \$1,115,000:

1 *Provided*, That this appropriation shall be available only
2 for completion of programs heretofore inaugurated and for
3 the liquidation of the Inter-American Educational Founda-
4 tion, Incorporated.

5 TITLE II

6 The following corporations and agencies, respectively,
7 are hereby authorized to make such expenditures, within the
8 limits of funds and borrowing authority available to each
9 such corporation or agency and in accord with law, and to
10 make such contracts and commitments without regard to
11 fiscal year limitations as provided by section 104 of the
12 Government Corporation Control Act, as may be necessary
13 in carrying out the programs set forth in the Budget for the
14 fiscal year 1948 for each such corporation or agency, except
15 as hereinafter provided:

16 INDEPENDENT AGENCIES AND CORPORATIONS

17 Export-Import Bank of Washington: Not to exceed
18 \$800,000 (to be on an accrual basis) of the funds of the
19 Export-Import Bank of Washington shall be available during
20 the fiscal year 1948 for all administrative expenses of the
21 Bank, including not to exceed \$100 for periodicals, \$200 for
22 newspapers, and \$200 for maps; health service program as
23 authorized by the Act of August 8, 1946 (Public Law 658),
24 and not to exceed \$24,000 for temporary services, as author-
25 ized by section 15 of the Act of August 2, 1946 (Public

1 Law 600) : *Provided further*, That necessary expenses (in-
2 cluding special services performed on a contract or fee basis,
3 but not including other personal services) in connection with
4 the acquisition, operation, maintenance, improvement, or dis-
5 position of any real or personal property belong to the Bank
6 or in which it has an interest, including expenses of collec-
7 tions of pledged collateral, or the investigation or appraisal
8 of any property in respect to which an application for a loan
9 has been made, shall be considered as nonadministrative
10 expenses for the purposes hereof.

11 Panama Railroad Company: Not to exceed \$750,000
12 (to be computed on an accrual basis) of the funds of the
13 Company shall be available during the fiscal year 1948 for
14 its administrative expenses, including administrative services
15 performed for the Company by other Government agencies,
16 which shall be determined in accordance with the Company's
17 prescribed accounting system in effect on July 1, 1946, and
18 and shall be exclusive of depreciation, payment of claims,
19 contributions to employees retirement system, expenditures
20 which the Company's prescribed accounting system requires
21 to be capitalized or charged to cost of commodities acquired,
22 and expenses in connection with acquisition, construction,
23 operation, maintenance, improvement, -protection, and dis-
24 position of facilities and other property belonging to the
25 Company or in which it has an interest.

1 Tennessee Valley Associated Cooperatives, Inc.: Not to
2 exceed \$2,500 shall be available for administrative expenses
3 related to liquidation: *Provided*, That appropriate steps shall
4 be taken to secure the final dissolution and liquidation of
5 the Corporation at the earliest practicable date and such
6 dissolution and liquidation shall be under the supervision
7 and direction of the Secretary of the Treasury.

8 Tennessee Valley Authority: Not later than June 30,
9 1948, and not later than June 30 of each calendar
10 year thereafter, until a total of \$348,239,240 has been paid
11 as herein provided, the board of directors of the Tennessee
12 Valley Authority shall pay from net income derived the
13 immediately preceding fiscal year from power operations
14 (such net income to be determined by deducting power op-
15 erating expenses, allocated common expense, and interest on
16 funded debt from total power operating revenues) not less
17 than \$2,500,000 of its outstanding bonded indebtedness to
18 the Treasury of the United States exclusive of interest, and
19 not less than 40 per centum of the remainder of such net
20 income into the Treasury of the United States as miscellane-
21 ous receipts. In the ten-year period ending June 30,
22 1958, and in each succeeding ten-year period until the afore-
23 said total of \$348,239,240 shall have been paid, not less
24 than a total of \$87,059,810, including payment of bonded
25 indebtedness exclusive of interest on such bonded indebted-

ness, shall be so paid. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation.

Tennessee Valley Authority: Payments of \$2,500,000 (exclusive of interest) of its outstanding indebtedness to the Treasury of the United States, and \$8,000,000 from earnings, shall be paid as miscellaneous receipts into the Treasury of the United States before June 30, 1948.

None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power producing projects (except for replacement purposes) unless and until approved by Act of Congress.

NATIONAL HOUSING AGENCY

Federal Home Loan Bank Administration: Not to exceed a total of ~~\$1,250,000~~ \$1,550,000 to be derived from the special deposit account established under the provisions under the head "Federal Home Loan Bank Administration"

1 in the Independent Offices Appropriation Act, 1944, and from
2 receipts of the Federal Home Loan Bank Administration or
3 the Federal Home Loan Bank Board for the fiscal year 1948
4 and prior fiscal years, shall be available during the fiscal
5 year 1948 for administrative expenses of the Federal Home
6 Loan Bank Administration (Executive Order 9070 of Feb-
7 ruary 24, 1942), including health service program as au-
8 thorized by the Act of August 8, 1946 (Public Law
9 658): *Provided*, That all necessary expenses in connec-
10 tion with the conservatorship of institutions insured by the
11 Federal Savings and Loan Insurance Corporation and
12 all necessary expenses (including services performed on a
13 contract or fee basis, but not including other personal
14 services) in connection with the handling, including the
15 purchase, sale, and exchange, of securities on behalf of
16 Federal Home Loan banks, and the sale, issuance, and retire-
17 ment of, or payment of interest on, debentures or bonds,
18 under the Federal Home Loan Bank Act, as amended, shall
19 be considered as nonadministrative expenses for the purposes
20 hereof: *Provided further*, That notwithstanding any other
21 provisions of this Act, except for the limitation in amount
22 hereinbefore specified, the administrative expenses and other
23 obligations of the Administration shall be incurred, allowed,
24 and paid in accordance with the provisions of the Federal

1 Home Loan Bank Act of July 22, 1932, as amended (12
2 U. S. C. 1421-1449).

3 Federal Savings and Loan Insurance Corporation: Not
4 to exceed \$532,000 shall be available for administrative ex-
5 penses, including health service program as authorized by
6 the Act of August 8, 1946 (Public Law 658), and the use
7 of services and facilities of the Federal Home Loan banks,
8 Federal Reserve banks, and agencies of the Government,
9 including the Federal Home Loan Bank Administration and
10 the Home Owners' Loan Corporation, which shall be on an
11 accrual basis and shall be exclusive of interest paid, deprecia-
12 tion, properly capitalized expenditures, and expenses in con-
13 nection with liquidation of insured institutions, liquidation
14 or handling of assets of or derived from insured institutions,
15 payment of insurance, and action for or toward the avoidance,
16 termination, or minimizing of losses in the case of specific
17 insured institutions: *Provided*, That notwithstanding any
18 other provisions of this Act, except for the limitation in
19 amount hereinbefore specified, the administrative expenses
20 and other obligations of said Corporation shall be incurred,
21 allowed, and paid in accordance with title IV of the Act of
22 June 27, 1934, as amended (12 U. S. C. 1724-1730).

23 Home Owners' Loan Corporation: Not to exceed
24 ~~\$3,000,000~~ \$3,500,000 shall be available for administrative

1 expenses, including health service program as authorized by
2 the Act of August 8, 1946 (Public Law 658), and the use
3 of services and facilities of the Federal Home Loan banks,
4 Federal Reserve banks, and agencies of the Government, in-
5 cluding the Federal Home Loan Bank Administration and
6 the Federal Savings and Loan Insurance Corporation, which
7 shall be on an accrual basis and shall be exclusive of interest
8 paid, depreciation, properly capitalized expenditures, ex-
9 penses (including services performed on a force account,
10 contract, or fee basis, but not including other personal serv-
11 ices) in connection with the acquisition, protection, opera-
12 tion, maintenance, improvement, or disposition of real or
13 personal property belonging to said Corporation or in which
14 it has an interest, and legal fees and expenses: *Provided,*
15 That notwithstanding any other provisions of this Act,
16 except for the limitation in amount hereinbefore specified,
17 the administrative expenses and other obligations of said
18 Corporation shall be incurred, allowed, and paid in accord-
19 ance with the Home Owners' Loan Act of 1933, as amended
20 (12 U. S. C. 1461-1468).

21 Federal Housing Administration: In addition to the
22 amounts available by or pursuant to law (which shall be
23 transferred to this authorization) for the administrative
24 expenses of the Federal Housing Administration in carrying
25 out duties imposed by or pursuant to law, not to exceed

1 ~~\$17,624,000~~ \$20,000,000 of the various funds of the Federal
2 Housing Administration as follows: (1) The mutual mort-
3 gage insurance fund; (2) the housing insurance fund; (3)
4 the account in the Treasury comprised of funds derived from
5 premiums collected under authority of section 2 (f), title I of
6 the National Housing Act, as amended (12 U. S. C. 1701);
7 and (4) the war housing insurance fund shall be available
8 for expenditure, in accordance with the provisions of said
9 Act for the administrative expenses of the Federal Housing
10 Administration, including not to exceed \$1,500 for periodicals
11 and newspapers; not to exceed \$1,500 for contract actuarial
12 services; and health program as authorized by the Act of
13 August 8, 1946 (Public Law 658): *Provided*, That neces-
14 sary expenses of the Administration (including both services
15 performed on a contract or fee basis, but not including other
16 personal services) in connection with the acquisition, pro-
17 tection, completion, operation, maintenance, improvement,
18 or disposition of real or personal property of the Administra-
19 tion acquired under authority of titles I, II, and VI of said
20 National Housing Act, shall be considered as nonadministra-
21 tive for the purposes hereof: *Provided further*, That, except
22 as herein otherwise provided, the administrative expenses
23 and other obligations, including nonadministrative expenses,
24 of the Administration shall be incurred, allowed, and paid in

1 accordance with the provisions of said Act of June 27, 1934,
2 as amended (12 U. S. C. 1701).

3 Federal Public Housing Authority: Of the amounts
4 available by or pursuant to law for the administrative ex-
5 penses of the Federal Public Housing Authority in carrying
6 out duties imposed by or pursuant to law including not to
7 exceed ~~\$2,200,000~~ \$2,700,000 of the funds available for
8 administrative expenses for the United States Housing Act
9 program (all of which are hereby merged into a single ad-
10 ministrative expense account), not to exceed ~~\$10,400,000~~
11 \$13,000,000 shall be available for such expenses subject to
12 the provisions of section 6 (b) of the Act of September 1,
13 1937, as amended, 42 U. S. C. 1406 (b), including health
14 service program as authorized by the Act of August 8, 1946
15 (Public Law 658): *Provided*, That the number of officers
16 and employees receiving compensation in excess of \$4,500
17 per annum shall not exceed 20 per centum of the total num-
18 ber of officers and employees paid from such funds: *Provided*
19 ~~further~~, That necessary expenses of providing representatives
20 of the Authority at the sites of non-Federal projects in con-
21 nection with the construction of such non-Federal projects by
22 public housing agencies with the aid of the Authority, shall be
23 compensated by such agencies by the payment of fixed fees
24 which in the aggregate in relation to the development costs
25 of such projects will cover the costs of rendering such

1 services, and expenditures by the Authority for such purpose
2 shall be considered nonadministrative expenses, and funds
3 received from such payments may be used only for the pay-
4 ment of necessary expenses of providing representatives of
5 the Authority at the sites of non-Federal projects or for
6 administrative expenses of the Authority not in excess of the
7 amount authorized by the Congress: *Provided, That*
8 *\$175,000 shall be available for the audit and revision of past*
9 *accounting records.*

10 Liquidation of resettlement projects: Not to exceed
11 \$39,500 of the receipts derived from the operation of the
12 projects transferred under paragraphs 1 (g) and 6 of Ex-
13 ecutive Order 9070 of February 24, 1942 (7 F. R. 1529),
14 shall be available for necessary expenses in connection with
15 and to facilitate disposition of the improved or unimproved
16 lands in the suburban resettlement projects known as Green-
17 belt, Greendale, and Greenhills, pursuant to the provisions
18 of section 5 of the Emergency Relief Appropriation Act of
19 1935 (49 Stat. 115), for making surveys, plans, and plats,
20 and expenses of additions, alterations, and improvements to
21 streets and utilities.

22 Defense Homes Corporation: Not to exceed \$3,000
23 shall be available for payment of terminal leave only. Imme-
24 diately upon the enactment hereof, the National Housing Ad-
25 ministrator shall transfer or cause to be transferred to the

1 Reconstruction Finance Corporation without reimbursement
2 or other consideration all of the capital stock of Defense Homes
3 Corporation, together with the stock certificates evidencing the
4 ownership of such stock. All assets and liabilities of every kind
5 and nature, together with all records, of Defense Homes Cor-
6 poration are hereby transferred effective July 1, 1947, to the
7 Reconstruction Finance Corporation without reimbursement
8 or other consideration for the purpose of liquidation thereof
9 in an orderly manner. Upon receipt of such stock, the
10 Reconstruction Finance Corporation shall proceed with
11 diligence to liquidate the affairs of the Defense Homes Cor-
12 poration as soon as practicable, including realization of the
13 cash value of all its assets and settlement of all its legal
14 liabilities, including the existing indebtedness of Defense
15 Homes Corporation to the Reconstruction Finance Corporation.
16 Any net proceeds thereafter remaining shall be covered into
17 the Treasury in the same manner and in accordance with the
18 same requirements as are applicable for the disposition of net
19 income realized by the Reconstruction Finance Corporation
20 from its operations. Such of the personnel of the Federal
21 Public Housing Authority (not to exceed eight persons)
22 as have been employed primarily on duties relating to the
23 Defense Homes Corporation and are found by the Recon-
24 struction Finance Corporation to be necessary and qualified
25 to assist in the liquidation herein authorized and directed,

1 shall be transferred to the Reconstruction Finance Corpora-
 2 tion as of the date requested by it Not to exceed \$12,300
 3 for the purposes of liquidation, including \$3,000 for pay-
 4 ment of terminal leave, shall be available for administrative
 5 expenses, which shall be on an accrual basis: *Provided, That*
 6 *such administrative expenses shall be exclusive of interest*
 7 *paid, depreciation, properly capitalized expenditures, repay-*
 8 *ment of loans, property operating expenses (including*
 9 *project inventory), charges to surplus and operating reserve,*
 10 *and cost of sales of commodities, services, and property:*
 11 *Provided further, That advances of funds made in connec-*
 12 *tion with the operation of housing properties are hereby*
 13 *authorized.*

14 *Penalty Mail Costs: For deposit in the general fund*
 15 *of the Treasury for the costs of penalty mail for the National*
 16 *Housing Agency, as required by the Act of June 28, 1944*
 17 *(Public Law 364), not to exceed \$290,600, said sum to be*
 18 *derived by transfer from the funds available for the adminis-*
 19 *trative expenses of the Office of the Administrator and the*
 20 *constituent units of said Agency: Provided, That in no event*
 21 *shall any moneys in excess of the costs of penalty mail al-*
 22 *locable, respectively, to said Office of the Administrator and*
 23 *to each of said constituent units be transferred hereunder.*

24 FEDERAL LOAN AGENCY

25 War Damage Corporation: The Board of Directors of

1 the Corporation shall pay or cause to be paid to the Treasury
2 of the United States \$210,751,618.65 of the amount realized
3 by the Corporation from its operations, such sum to be
4 covered into the Treasury immediately upon the approval
5 of this Act and applied to reduction of the national debt.

6 DEPARTMENT OF AGRICULTURE

7 Federal Farm Mortgage Corporation: Not to exceed
8 \$2,750,000 (to be computed on an accrual basis) of the
9 funds of the Corporation shall be available for administra-
10 tive expenses, including employment on a contract or fee
11 basis of persons, firms, and corporations for the performance
12 of special services, including legal services, and the use of
13 the services and facilities of Federal land banks, national
14 farm loan associations, Federal Reserve banks, and agencies
15 of the Government as authorized by the Act of January 31,
16 1934 (12 U. S. C. 1020-1020h) ; and said total sum shall
17 be exclusive of interest expense, and expenses in connection
18 with the acquisition, operation, maintenance, improvement,
19 protection, or disposition of real or personal property be-
20 longing to the Corporation or in which it has an interest:
21 *Provided*, That of the funds available to the Corporation
22 for administrative expenses, not to exceed ~~\$275,000~~
23 \$400,000 shall be available for payment to the Farm Credit
24 Administration for supervisory or other services rendered.
25 Federal Intermediate Credit Banks: Not to exceed

1 \$1,250,000 (to be computed on an accrual basis) of the
2 funds of the banks shall be available for administrative ex-
3 penses, ~~including the purchase of not to exceed ten passenger~~
4 ~~motor vehicles~~, services performed for the banks by other
5 Government agencies (except services performed by the
6 banks for cooperatives in connection with loans to cooperative
7 associations rediscounted or pledged with the Federal Inter-
8 mediate Credit Banks, and services performed by any Federal
9 Reserve bank and by the United States Treasury in connec-
10 tion with the financial transactions of the banks), and not to
11 exceed \$4,000 for penalty mail; and said total sum shall be
12 exclusive of interest expense, legal and special services per-
13 formed on a contract or fee basis, and expenses in connection
14 with the acquisition, operation, maintenance, improvement,
15 protection, or disposition of real or personal property belong-
16 ing to the banks or in which they have an interest: *Provided*,
17 That of the funds available to the banks for administrative
18 expenses, not to exceed ~~\$125,000~~ \$181,250 shall be avail-
19 able for payment to the Farm Credit Administration for
20 supervisory or other services rendered.

21 Production Credit Corporations: Not to exceed \$1,-
22 600,000 (to be computed on an accrual basis) of the funds
23 of the corporations shall be available for administrative ex-
24 penses, including the purchase of not to exceed ~~fifteen~~ five pas-
25 senger motor vehicles, services performed for the corporations

1 by other Government agencies, and not to exceed \$4,000 for
2 penalty mail; and said total sum shall be exclusive of interest
3 expense, legal and special services performed on a contract
4 or fee basis, and expenses in connection with the acquisition,
5 operation; maintenance, improvement, protection, or dispo-
6 sition of real or personal property belonging to the corpora-
7 tions or in which they have an interest: *Provided*, That of
8 the funds available to the corporations for administrative ex-
9 penses, not to exceed ~~\$160,000~~ \$232,000 shall be available
10 for payment to the Farm Credit Administration for super-
11 visory or other services rendered.

12 Regional Agricultural Credit Corporation of Washing-
13 ton, District of Columbia: Not to exceed \$200,000 (to be
14 computed on an accrual basis) of the funds of the Corpora-
15 tion shall be available for administrative expenses, including
16 supervision and examination by the Farm Credit Admin-
17 istration and services performed for the Corporation by other
18 Government agencies, and not to exceed \$3,200 for penalty
19 mail; and said total sum shall be exclusive of interest expense,
20 legal and special services performed on a contract or fee basis,
21 and expenses in connection with the acquisition, operation,
22 maintenance, improvement, protection, or disposition of real
23 or personal property belonging to the Corporation or in which
24 it has an interest: *Provided*, That no other funds shall be
25 available for administrative expenses of the Corporation:

1 *Provided further*, That of the funds available to the Cor-
2 poration for administrative expenses, not to exceed \$20,000
3 \$29,000 shall be available for payment to the Farm Credit
4 Administration for supervisory or other services rendered.

5 DEPARTMENT OF COMMERCE

6 Inland Waterways Corporation: Not to exceed \$418,-
7 100 shall be available for administrative expenses, to be
8 determined in the manner set forth under the title "General
9 expenses" in the Uniform System of Accounts for Carriers
10 by Water of the Interstate Commerce Commission (effective
11 January 1, 1942), with the exception that the cost of the
12 audit as required by Public Law 248, Seventy-ninth Con-
13 gress, shall be deemed a nonadministrative expense for the
14 purpose hereof, including not to exceed \$1,200 for penalty
15 mail: *Provided*, That no funds shall be used to pay compen-
16 sation of employees normally subject to the Classification
17 Act of 1923, as amended, at rates in excess of rates fixed
18 for similar services under the provisions of the Classification
19 Act, as amended, nor to pay the compensation of vessel
20 employees and such terminal and other employees as are
21 not covered by the Classification Act, at rates in excess of
22 rates prevailing in the river transportation industry in the
23 area.

24 Warrior River Terminal Company: Not to exceed
25 \$20,100 shall be available for administrative expenses, to be

1 determined in the manner set forth under the title "Operating
2 expense accounts—general" in the Uniform System of Ac-
3 counts for Steam Railroads of the Interstate Commerce Com-
4 mission (issue of 1943) with the exception that the cost of
5 the audit as required by Public Law 248, Seventy-ninth Con-
6 gress, shall be deemed a nonadministrative expense for
7 the purpose hereof: *Provided*, That, in the event of dissolu-
8 tion of the Company and/or the transfer of its assets to the
9 Inland Waterways Corporation, the funds provided herein
10 shall be transferred and merged with the administrative ex-
11 penses of the Inland Waterways Corporation for the operation
12 of its facilities.

13 DEPARTMENT OF THE INTERIOR

14 Virgin Islands Company: Not to exceed \$20,000 (to
15 be computed on an accrual basis) of the funds of the Com-
16 pany shall be available during the fiscal year 1948 for its
17 administrative expenses which shall be determined in accord-
18 ance with the Company's prescribed accounting system in
19 effect on July 1, 1946, and shall be exclusive of depreciation,
20 interest expense, payment of claims, contribution to the local
21 government in lieu of taxes, expenditures which the Com-
22 pany's prescribed accounting system requires to be capitalized
23 or charged to commodities produced or acquired and expenses
24 in connection with acquisition, construction, operation, main-
25 tenance, improvement, protection or disposition of facilities

1 and other property belonging to the Company or in which it
2 has an interest.

3 *The Virgin Islands Company is authorized to borrow*
4 *from the Treasury of the United States, for the purpose of*
5 *carrying out any of the programs of the Company set forth*
6 *in the budget for the fiscal year 1948, sums of money not to*
7 *exceed a total of \$500,000. For this purpose the Secretary*
8 *of the Treasury is authorized and directed to make loans to*
9 *the Company, out of any funds in the Treasury not otherwise*
10 *appropriated, on such terms and conditions as the Secretary*
11 *of the Treasury shall determine. Such loans shall bear in-*
12 *terest at a rate determined by the Secretary of the Treasury,*
13 *taking into consideration the current average rate on out-*
14 *standing marketable obligations of the United States as of the*
15 *last day of the month preceding the making of the loan to the*
16 *Company.*

17 DEPARTMENT OF JUSTICE

18 Federal Prison Industries, Incorporated: Not to exceed
19 \$225,000 (to be computed on an accrual basis) of the funds
20 of the corporation shall be available during the fiscal year
21 1948 for its administrative expenses, which shall be deter-
22 mined in accordance with the Corporation's prescribed
23 accounting system in effect on July 1, 1946, and shall be
24 exclusive of depreciation, vocational training expenses, pay-
25 ment of claims, expenditures which the said accounting

1 system requires to be capitalized or charged to cost of com-
2 modities acquired or produced, including selling and shipping
3 expenses, and expenses in connection with acquisition, con-
4 struction, operation, maintenance, improvement, protection,
5 or disposition of facilities and other property belonging to the
6 corporation or in which it has an interest.

7 DEPARTMENT OF STATE

8 The Institute of Inter-American Affairs: Not to exceed
9 \$550,000 (to be computed on an accrual basis) of the funds
10 available to the Corporation shall be available during the
11 fiscal year 1948 for its administrative expenses, including not
12 to exceed \$3,000 shall be available for penalty mail, and the
13 cost of administrative services performed for the Corpora-
14 tion by other Government agencies, which shall be deter-
15 mined in accordance with the Corporation's prescribed ac-
16 counting system in effect on July 1, 1946, and shall be ex-
17 clusive of expenditures made outside continental United
18 States, and expenditures which the Corporation's prescribed
19 accounting system requires to be capitalized or charged di-
20 rectly to or directly related to the operating programs:
21 *Provided*, That the total cost of liquidation shall be paid out
22 of funds available to the Corporation without additional
23 appropriations therefor.

24 Institute of Inter-American Transportation: Not to ex-
25 ceed \$3,000 of the funds available to the Corporation shall

1 be available for payment of terminal leave only: *Provided*,
2 That all administrative duties and responsibilities shall be
3 assumed by such officers and employees of the Department
4 of State as the Secretary of State may designate, and who
5 shall receive no additional compensation for such duties:
6 *Provided further*, That the Secretary of State shall take
7 appropriate steps to secure the final dissolution and liquida-
8 tion of said Corporation at the earliest practicable date:
9 *Provided further*, That the total cost of liquidation shall be
10 paid out of funds available to the Corporation without addi-
11 tional appropriations therefor.

12 Inter-American Educational Foundation, Inc.: Not to
13 exceed \$250,000 (to be computed on an accrual basis) of the
14 funds available to the Corporation shall be available during the
15 fiscal year 1948 for its administrative expenses, including not
16 to exceed \$1,500 shall be available for penalty mail; including
17 the cost of administrative service performed for the Corpora-
18 tion by other Government agencies, which shall be deter-
19 mined in accordance with the Corporation's prescribed ac-
20 counting system in effect on July 1, 1946, and shall be ex-
21 clusive of expenditures made outside the continental limits of
22 the United States, and expenditures which the Corporation's
23 prescribed accounting system requires to be capitalized or
24 charged directly to or directly related to the operating pro-
25 grams.

1 Prencinradio, Incorporated: Not to exceed \$2,000 of the
2 funds available to the Corporation shall be available for pay-
3 ment of terminal leave only: *Provided*, That all administra-
4 tive duties and responsibilities shall be assumed by such
5 officers and employees of the Department of State as the
6 Secretary of State may designate, and who shall receive
7 no additional compensation for such duties: *Provided further*,
8 That the Secretary of State shall take appropriate steps to
9 secure the final dissolution and liquidation of said Corporation
10 at the earliest practicable date: *Provided further*, That the
11 total cost of liquidation shall be paid out of funds available
12 to the Corporation without additional appropriations therefor.

13 TITLE III

14 GENERAL PROVISIONS

15 SEC. 301. Funds made available by this Act for admin-
16 istrative expenses shall be available, in addition to objects for
17 which such funds are otherwise available, for personal serv-
18 ices and rent in the District of Columbia; printing and bind-
19 ing; examination of budgets and estimates of appropriations
20 in the field; travel expenses in accordance with the Stand-
21 ardized Government Travel Regulations, the Subsistence
22 Expense Act of 1926, as amended (except as to per diem
23 rates outside continental United States), and the Act of
24 February 14, 1931, as amended (5 U. S. C. 73a) ; for the
25 objects specified under the head "General provisions" in

1 title II of the Independent Offices Appropriation Act, 1948,
2 all the provisions of which title unless otherwise specified
3 in this Act, shall be applicable to the expenditure of such
4 funds; and services in accordance with section 15 of the Act
5 of August 2, 1946 (Public Law 600),—except that no funds
6 of any corporation or agency included in this Act shall be
7 available for payment, to other than a Government agency,
8 for services of an independent audit of the financial records
9 of the offices of any Government corporation or agency
10 unless prior approval is obtained from or such service is di-
11 rected to be made by the Comptroller General of the United
12 States.

13 SEC. 302. No part of any funds of any wholly owned
14 Government corporation shall be used for the purchase or
15 construction, or in making loans for the purchase or con-
16 struction of any office building at the seat of government
17 primarily for occupancy by any department or agency of the
18 United States Government or by any corporation owned by
19 the United States Government.

20 SEC. 303. Funds of the corporations and agencies cov-
21 ered by the provisions of this Act shall be available for
22 payment of claims settled in accordance with part 2 of the
23 Federal Tort Claims Act.

24 SEC. 304. Any funds of, or available for expenditure
25 by, any corporation or agency included in this Act, which

1 are not subject to audit by the General Accounting Office
2 under the provisions of the Government Corporation Control
3 Act (Public Law 248, Seventy-ninth Congress) or other
4 law, shall be accounted for and audited in accordance with
5 the Budget and Accounting Act, as amended, and no such
6 fund shall be obligated or expended unless and until an appro-
7 priate appropriation account shall have been established
8 therefor pursuant to an appropriation warrant or a covering
9 warrant: *Provided*, That this section shall not be so con-
10 strued as to modify or repeal any provision of any other law
11 respecting warranting, accounting for, and auditing of funds.

12 SEC. 305. No part of the funds of, or available for ex-
13 penditure by, any corporation or agency included in this
14 Act shall be used to pay the salary or wages of any person
15 who engages in a strike against the Government of the
16 United States or who is a member of an organization of
17 Government employees that asserts the right to strike against
18 the Government of the United States, or who advocates, or
19 is a member of an organization that advocates, the over-
20 throw of the Government of the United States by force or
21 violence: *Provided*, That for the purposes hereof an affi-
22 davit shall be considered prima facie evidence that the person
23 making the affidavit has not contrary to the provisions of
24 this section engaged in a strike against the Government of
25 the United States, is not a member of an organization of

1 Government employees that asserts the right to strike against
2 the Government of the United States, or that such person
3 does not advocate, and is not a member of an organization
4 that advocates, the overthrow of the Government of the
5 United States by force or violence: *Provided further*, That
6 any person who engages in a strike against the Government
7 of the United States or who is a member of an organization
8 of Government employees that asserts the right to strike
9 against the Government of the United States, or who advo-
10 cates, or who is a member of an organization that advocates,
11 the overthrow of the Government of the United States by
12 force or violence and accepts employment the salary or wages
13 for which are paid from any funds available to any corpora-
14 tion or agency included in this Act shall be guilty of a felony
15 and, upon conviction, shall be fined not more than \$1,000
16 or imprisoned for not more than one year, or both: *Provided*
17 *further*, That the above penalty clause shall be in addition
18 to, and not in substitution for, any other provisions of existing
19 laws.

20 SEC. 306. Title to all office buildings at the seat of Gov-
21 ernment, which are owned by wholly owned Government
22 corporations, and all right, title, or interest of such cor-
23 porations in the land upon which such buildings are located
24 are hereby transferred to the United States, and the Secre-
25 tary of the Treasury is authorized and directed to discharge

1 the indebtedness to the Treasury of any corporation holding
 2 such rights, title, or interests in any such land or building to
 3 the value thereof as determined by the Secretary of the
 4 Treasury as of the date of transfer: *Provided, That in case*
 5 *of disagreement on the part of the head of the Corporation*
 6 *with respect to said value as determined, the Administrator*
 7 *of the Federal Works Agency shall make a final determina-*
 8 *tion of the property value.* Hereafter, such buildings shall
 9 be controlled and managed in the same manner as pre-
 10 scribed in the Act of March 1, 1919, as amended (40 U. S. C.
 11 1). Wholly owned Government corporations requiring
 12 space in office buildings at the seat of Government shall
 13 occupy only such space as may be allotted in accordance with
 14 the provisions of such act of March 1, 1919, as amended
 15 (40 U. S. C. 1), and shall pay such rental thereon as may
 16 be determined by the Federal Works Administrator, such
 17 rental to include all cost of maintenance, upkeep, and repair.

18 SEC. 307. Section 104 of the Government Corporations
 19 Control Act (Public Law 248, 79th Congress) is hereby
 20 amended to read as follows:

21 "SEC. 104 The Budget programs transmitted by the
 22 President to the Congress shall be considered and legislation
 23 shall be enacted making necessary appropriations, as may
 24 be authorized by law, making available for use such corporate

1 funds or other financial resources or limiting the use
 2 thereof as the Congress may determine and providing
 3 for repayment of capital funds and the payment of
 4 dividends. Except as provided in such legislation, the pro-
 5 visions of this section shall not be construed as preventing
 6 wholly owned Government corporations from carrying out
 7 and financing their activities as authorized by existing law,
 8 nor as affecting the provisions of section 26 of the Tennessee
 9 Valley Authority Act, as amended.—The provisions of this
 10 section shall not be construed as affecting the existing au-
 11 thority of any wholly owned Government corporation to
 12 make contracts or other commitments without reference to
 13 fiscal-year limitations, as such authority may be necessary
 14 to the execution of an approved budget program.”

15 SEC. 308. Section 101 of the Government Corporations
 16 Control Act (Public Law 248, Seventy-ninth Congress) is
 17 hereby amended by adding at the end thereof the following:

18 “This title shall apply to the same extent as to wholly
 19 owned Government corporations and for the same purposes
 20 to the following mixed-ownership Government corporations:
 21 (1) The Central Bank for Cooperatives and the regional
 22 banks for cooperatives; (2) Federal home loan banks,
 23 and (3) Federal Deposit Insurance Corporation.”

1 SEC. ~~309~~ 307. This Act may be cited as "The Govern-
 2 ment Corporations Appropriation Act, 1948".

Passed the House of Representatives June 11, 1947.

Attest:

JOHN ANDREWS,

Clerk.

Calendar No. 538

80TH CONGRESS
1ST SESSION

H. R. 3756

[Report No. 517]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

JUNE 12 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on
Appropriations

JULY 14 (legislative day, JULY 10), 1947

Reported with amendments

80TH CONGRESS
1ST SESSION

H. R. 3756

IN THE SENATE OF THE UNITED STATES

JULY 15, 1947

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LUCAS to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, viz:

- 1 Strike out the proviso beginning on page 4, line 19,
- 2 and ending on line 23.

7-15-47—A

80TH CONGRESS
1ST SESSION

H. R. 3756

AMENDMENT

Intended to be proposed by Mr. LUCAS to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

JULY 15, 1947

Ordered to lie on the table and to be printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued July 17, 1947
For actions of July 16, 1947
80th-1st, No. 136

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HIGHLIGHTS: Senate passed Government corporations appropriations bill; appointed conferees. Senate passed bill to permit salary payments pending appropriations and House agreed to Senate amendment. Both Houses received President's message recommending Miss. flood control and a \$3,000,000 1948 appropriation for SCS. Senate committee reported bill to donate farm-labor camps. Senate committee reported bill to provide for investigation of agriculture needs. House passed Science Foundation bill. House appointments made to Commission on Organization of Executive Branch. House committees reported bills to authorize drainage investigations, provide for veterans' homesteads in Alaska, and to make surplus property available for flood damage. Sen. Russell introduced bill providing for grants to aid establishment of farmers' markets. President approved bill to continue certain export-control and allocations-priorities powers.

SENATE

1. **GOVERNMENT CORPORATIONS APPROPRIATION BILL**, H. R. 3756, was passed as reported (pp. 9184, 9187-202). Rejected an amendment by Sen. McCarran, Nev., to restore funds for the TVA fertilizer program (pp. 9189-96). Sens. Ferguson, Reed, Wherry, Saltonstall, McKellar, Overton, and Russell were appointed conferees (p. 9201).
2. **TEMPORARY APPROPRIATIONS**. Passed H. J. Res. 240, making temporary appropriations to meet pay rolls for the first half of July pending enactment of regular appropriation bills, with an amendment by Chairman Bridges of the Appropriations Committee to insert "and out of applicable corporate or other revenues, receipts, and funds, respectively" after "appropriated" (pp. 9185-6). Later in the day the House agreed to this amendment (p. 9271). The measure will now be sent to the President.
3. **FLOOD CONTROL; APPROPRIATIONS**. Both Houses received from the President a message favoring a \$6,000,000,000 flood-control program for the Mississippi River Basin over the next 10 years and recommending a \$250,000,000 appropriation in 1948, of which \$3,000,000 would be for the Soil Conservation Service (H. Doc. 404); to which Public Works Committees (pp. 9271-2). Sens. Overton, Revercomb, McClellan, and Langer commended the message (pp. 9184-5).
4. **TVA COOPERATIVES**. Received from this Department a proposed bill to provide for liquidation of the Tennessee Valley Associated Cooperatives, Inc., by this Department; to Agriculture and Forestry Committee (p. 9168).
5. **FARM LABOR**. The Agriculture and Forestry Committee reported with amendments S.

1555, providing for donation of farm-labor camps to public or semipublic institutions and organizations (S. Rept. 561)(p. 9168).

6. AGRICULTURE INVESTIGATION. The Agriculture and Forestry Committee reported with amendments S. Res. 147, authorizing a study of agricultural legislation and of trends, needs, and problems of agriculture (S. Rept. 563)(p. 9168). To Rules and Administration Committee.
7. LANDS. The Agriculture and Forestry Committee reported without amendment S. 1505, authorizing the transfer to Boise, Idaho, of 9 lots of a 5-acre tract of land donated to the U.S. by Boise and now used by the F.S. as a site for central repair shops (S. Rept. 560) (p. 9168).
The Agriculture and Forestry Committee reported without amendment H.R. 2511, authorizing this Department to sell two acres of land near the Agricultural Research Center, Beltsville, Md., to the Queens Chapel Methodist Church (S. Rept. 562) (p. 9168).
8. R.F.C. The Rules and Administration Committee reported without amendment S. Res. 132, authorizing an investigation of the operations of the RFC (p. 9168).
9. SOCIAL SECURITY. The Finance Committee reported without amendment S. Res. 141, authorizing an investigation of the social-security program (p. 9168).
10. RECLAMATION. The Public Lands Committee reported without amendment S. 1639, authorizing the repair and rehabilitation of irrigation works damaged by flood and the prevention of flood damage in the Fort Sumner irrigation district (S. Rept. 572) (p. 9168).
11. VETERANS' BENEFITS. The Civil Service Committee reported without amendment H.R. 966, to amend Sec. 14 of the Veterans' Preference Act so as to make it mandatory for an administrative officer to take corrective action recommended by CSC in the case of appeals made by preference eligibles because of discharge, suspension, demotion, etc. (S. Rept. 568) (p. 9169).
12. APPROPRIATIONS. Sens. Bridges (N.H.) and McCarran (Nev.) discussed the efforts of the Senate Appropriations Committee to expedite the appropriation bills, referring particularly to the legislative appropriation (p. 9186).
13. RECLAMATION. Passed without amendment H.R. 2167, to authorize the inclusion within the Angostura water conservation and utilization project of certain U.S. lands (pp. 9205-6). This bill will now be sent to the President.
14. CONSUMER CREDIT. Passed without amendment S. J. Res. 148, to authorize the temporary continuation of regulation of consumer credit (pp. 9213-4).
15. PATENTS. Passed without amendment H.R. 3958, to extend temporarily the time for filing applications for patents and for taking action in the U.S. Patent Office with respect thereto (p. 9215). This bill will now be sent to the President.
16. PUBLIC WORKS. Passed without amendment S. 1487, to remove restrictions upon loans by Federal agencies to finance the construction of certain public works (pp. 9215-6).
17. PHOTOGRAPHS. Passed without amendment H.R. 2573, to authorize the Geological Survey to produce and sell copies of aerial or other photographs and mosaics, and photographic or photostatic reproductions of records, on a reimbursement of appropriations basis (p. 9204). This bill will now be sent to the President.

Committee on the Judiciary show that the subcommittee was instructed to make a preliminary inquiry into the general handling by the Department of Justice of the charges concerning the alleged irregularities in the Democratic primary election held in the Fifth Congressional District of Missouri on May 6, 1946.

It should be made clear at the outset that the subcommittee was not authorized or directed, nor did it attempt, to make, as the resolution provides, a full and complete study and investigation of the actions of the Department of Justice in connection with the Missouri election case. Senate Resolution 116 itself calls for such a complete investigation. The purpose of the subcommittee's study was merely to determine whether there was sufficient evidence to warrant the complete study and investigation which was called for in the resolution itself and then to report its conclusions to the committee, and the committee was then to report its conclusions to the Senate.

The recommendation of the chairman was as follows: That in view of the apparent disagreement in the subcommittee and the report of the bill itself, the committee could probably consider the possibility of utilizing the subcommittee for further investigation.

Let me say that this recommendation was made after it was apparent that there was disagreement in the subcommittee. That took place the other day after it appeared that the matter was stalemated in the committee. I made the suggestion, feeling that for the good of the country, for the good of the Attorney General himself, and for the good of his department, the committee should permit the present subcommittee to carry on and make a full and complete investigation.

In other words, it was my desire to avoid protracted and time-consuming debate on the floor on this subject. I pointed out that my vote was not to be interpreted as reflecting in any manner, either favorably or unfavorably, on the actions of the Attorney General with respect to the investigation and prosecution of the alleged irregularities in the Democratic primary election held in the Fifth Congressional District for Missouri on August 6, 1946. I pointed out further that the question to be voted on was solely on indefinitely postponing or not postponing the bill and the investigation it proposed. It was my judgment that indefinite postponement of further investigation would be unfair to the Attorney General since there would be no conclusive finding. In my judgment, the Attorney General himself would welcome a complete and conclusive investigation to ascertain the facts. The recommendation of the junior Senator from Michigan, as chairman of the committee, and as his minority recommendation was that the preliminary study by this subcommittee warrants the following action:

1. That Senate Resolution 116 be reported favorably to the Senate without amendment.

There is no finding here of neglect or guilt.

2. A full and complete investigation by the Senate Committee on the Judiciary be authorized and concluded.

The report of the majority of the subcommittee, consisting of the senior Senator from Nevada [Mr. McCARRAN] and the senior Senator from North Dakota [Mr. LANGER], was as follows:

Your subcommittee, to whom was referred the resolution (S. Res. 116) to investigate the nonaction of the Department of Justice in connection with the alleged irregularities in the Democratic primary election in the Fifth Missouri Congressional District on August 6, 1946, having considered the same, report unfavorably there on to the full Committee on the Judiciary and recommend that the resolution do not pass, but that it be indefinitely postponed by the full committee.

CONCLUSIONS

It is the conclusion of the subcommittee that the investigation proposed by Senate Resolution 116 would be fruitless and productive of no good result; that it would duplicate without reason the activities of other agencies; that it would amount to political harassment; and that for these and other good reasons the proposed investigation is wholly unjustified.

The point I want to make clear is that the preliminary inquiry which was conducted by the subcommittee was not to make a final determination with respect to the alleged neglect of the Justice Department to investigate and prosecute for violation of the Federal law in the so-called Kansas City vote fraud.

Let me emphasize these points:

First. The subcommittee was restricted to a very limited preliminary inquiry.

Second. The sole job of the subcommittee was to determine whether there was sufficient evidence to warrant the adoption of Senate Resolution 116, so that a thorough and complete investigation would be made.

As indicated above, there was a sharp divergence of opinion in the subcommittee—so much so, that each of the three members of the subcommittee wrote an individual report. Two of these reports, which recommended against the adoption of Senate Resolution 116, were sufficiently close in their conclusions so that they could be embodied in one report, constituting the majority opinion of the subcommittee. The opinion of the chairman of the subcommittee was presented as a separate individual minority report.

I mention this fact to indicate that there was evidently an honest disagreement between the three members of the subcommittee—a disagreement sufficiently pronounced to warrant the writing of individual reports by each of the three members of the subcommittee.

When the subcommittee reported to the full Committee on the Judiciary, the committee likewise was sharply divided, and the final vote to postpone Senate Resolution 116 indefinitely was 6 to 7.

In other words, throughout the consideration of the resolution by the Committee on the Judiciary, there has been no real unanimity of opinion. The committee has been sharply divided. The results of its consideration in this particular instance can hardly be taken as an overwhelming conclusive determination.

Mr. President, it is not my purpose to comment as to the possibility that the Justice Department may or may not have adequately fulfilled its responsibility in connection with the Kansas City vote frauds. I wish to make that clear. I am not weighing the evidence. I am not going to say whether the Department of Justice may or may not have adequately fulfilled its responsibility. That is not the issue, and I submit that our committee in any event did not have sufficient evidence to make a final conclusion on this issue, nor was it intended that they should.

Our committee was concerned solely with the question of whether there was sufficient evidence to warrant the complete investigation envisioned in the resolution. That investigation would then pass on the neglect or nonneglect of the Justice Department, or anyone in it, from the district attorney in Kansas City, where the undisputed evidence discloses that a summation even of the evidence of the FBI was not complete.

The issue which confronts the Senate today in connection with the motion to discharge the committee from the further consideration of Senate Resolution 116 is merely whether a complete investigation should be made.

I feel that the resolution should not be permitted to die in the committee. I feel that in fairness to the Justice Department itself and to the Attorney General, for whom I have a great deal of respect, the resolution should be adopted, so that a complete and conclusive investigation could be made.

I feel that the Attorney General himself would welcome such a complete and final investigation in the interests of ascertaining all of the facts, so that there could be a conclusive determination, which would end, in one way or another, the gossip and speculation which may otherwise follow the burial of this resolution.

Mr. President, I believe the investigation envisioned in the resolution should be conducted. Accordingly, I shall cast my vote in support of the motion to discharge the committee.

There is one other matter that I think calls for a few words from me. On page 20 of the report of the majority of the subcommittee, in subsection (b), the thought seems to be expressed that there should be no extension of Federal jurisdiction in connection with election frauds in primaries.

On page 6 of the report, it is stated that—

The Federal statutes do not provide for Federal enforcement with respect to irregularities in elections in the following situations:

(a) They do not make it a Federal crime to accept or pay a bribe in connection with a primary election, or to conspire to do so (*United States v. Bathgate* (246 U. S. 220)).

(b) They do not cover a private individual who, without conspiring with others, votes in the name of another person, living or dead, or otherwise votes falsely, stuffs a ballot box, or otherwise commits or aids the commission of election irregularities (*United States v. Mosley* (238 U. S. 383); *United States v. Classic* (313 U. S. 299); *United States v. Saylor* (322 U. S. 385)).

I think this situation calls for remedial legislation by the Federal Legislature, and I intend to suggest to the professional staff of the Judiciary Committee that during the recess of Congress they give this matter full and complete consideration, and be ready to report to the judiciary next January.

In other words, under the present situation of the Federal statutes, in a primary election for United States Senator if a bribe is offered, there is no Federal statute that will take care of that situation, unless it comes within the conspiracy statutes. There are State statutes on the subject. We in the Federal Legislature are interested in protecting the elections for Members of the Federal Congress, as well as in protecting the elections for State governors and other State officials.

I see no interference with what has been called States' rights if we make this matter a criminal offense. It is said that the statutes do not cover the action of a person who, without conspiring with others, votes in the name of another person, living or dead, or otherwise votes falsely, stuffs the ballot box, or otherwise commits election irregularities. The evidence disclosed clearly that there was plenty of that going on, but it is claimed that that does not constitute a Federal offense.

The PRESIDENT pro tempore. The hour of 2 o'clock having arrived, Senate Resolution 150 will be placed on the calendar.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT AGENCIES—CONSIDERATION OF THE CALENDAR

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 3756, making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948.

I ask further, in order that Senators may know what the program is to be, that upon the completion of the consideration of the appropriation bill the Senate proceed to consider measures on the calendar to which there is no objection, beginning with order No. 435, on page 9 of the calendar, that being the point reached at the last call of the calendar.

Mr. McCARRAN. Mr. President, will the Senator state whether it will be convenient at some time between now and the 26th of this month to have a complete call of the calendar, from the beginning to the end?

Mr. WHERRY. Certainly.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and it is so ordered.

The Senate proceeded to consider the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. FERGUSON obtained the floor.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	O'Connor
Baldwin	Hayden	O'Daniel
Ball	Hickenlooper	O'Mahoney
Barkley	Hill	Overton
Brewster	Hoey	Pepper
Bricker	Holland	Read
Bridges	Ives	Revercomb
Brooks	Jenner	Robertson, Va.
Bushfield	Johnson, Colo.	Robertson, Wyo.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capper	Knowland	Sparkman
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	McCarran	Taylor
Cordon	McCarthy	Thomas, Okla.
Donnell	McClellan	Thomas, Utah
Downey	McFarland	Thye
Dworshak	McGrath	Tydings
Eastland	McKellar	Umstead
Eaton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	White
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young
Hatch	Murray	

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present.

DEVELOPMENT OF RIVER SYSTEMS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 404)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Public Works.

(For President's message, see today's proceedings of the House of Representatives on p. 9271.)

THE PRESIDENT'S MESSAGE ON FLOOD CONTROL

Mr. OVERTON. Mr. President, will the Senator from Michigan yield to me?

Mr. FERGUSON. I yield.

Mr. OVERTON. Mr. President, I think we have listened to one of the greatest messages to the Congress that was ever penned by any occupant of the White House. It deals with flood control on the greatest river not only in our Nation but in the world. It deals with a river system that embrace almost one-half of the entire domain of the United States, stretching from the Rocky Mountains on the west to the Alleghenies and the Appalachians on the east. We all realize and we have been vividly reminded this year of the tremendous suffering and misery and want and destruction of property and of life which the flood waters visit upon us annually in different sections of this great system. It may be this year on the Missouri, it may be next year on the Ohio, it may be in the upper Mississippi in the following year, it may be in the lower Mississippi in the next year. But annually somewhere in this great system we are confronted with tremendous, devastating floods.

After very graphically presenting a picture to the Congress of the United States, after reciting the history of legislation dealing with flood control—started only in 1927, and then only for the lower Mississippi Valley, and extended in 1936

to embrace the upper Mississippi and its tributaries to the north—the President then proceeds to state that sufficient authorizations have been provided by Congress, and the engineers have prepared the blueprints, but appropriations have not kept pace with the authorizations. That has been the trouble.

The lower Mississippi project is as perfect today as can be humanly devised. What we need is money to carry it to conclusion. I speak for the lower Mississippi. I speak for the Missouri Basin. I speak for the Ohio Basin. The Pick-Sloan plan in the Missouri Basin comes as near to being a perfect piece of engineering work as can be devised. The Ohio River Basin, while it has not attained the perfection in authorization that some other portions of the system have attained, yet has abundant authorizations which ought to be carried into execution, and which, if carried into execution, would save that great and fertile valley from much if not all future devastation by floods.

After describing the situation the President recommends that an additional \$237,000,000 be appropriated for the War Department, to be expended by the Corps of Engineers in carrying out the authorized projects on the great Mississippi River system and its mighty tributaries. That, Mr. President, is quite an advance over what the Bureau of the Budget recommended. It had recommended at the beginning of this year \$188,000,000 for flood control. The original budget estimate for flood control, to be exact, is \$188,356,000, and that for rivers and harbors \$102,494,000.

Mr. President, I express the very earnest hope that the Senate committee now handling the War Department civil functions appropriation bill will consider the message of the President and will increase the appropriations as recommended by him, and that when the committee has made its report and the Senate has acted favorably thereon, the House will agree to it. We can accomplish nothing by piecemeal work if we seriously intend to control the great floods which annually cause such havoc. The Missouri Basin, with its tremendous dams and reservoirs, its levees, and also its navigation in its lower reaches, now requires ample appropriations. The Ohio River requires appropriations to complete its projects. If we had proceeded with the lower Mississippi, if we had proceeded with the Ohio and the Missouri River Basins as we have proceeded with the Tennessee River under the TVA, with appropriations corresponding to those given to the Tennessee Valley Authority, these great rivers would be under flood control today.

Mr. President, I thank the Senator from Michigan [Mr. Ferguson] for yielding to me to make these few observations, and again I wish to congratulate the President upon this very able and heartening message which he has sent to the Congress of the United States.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. REVERCOMB. Mr. President, I am glad the President has sent the message to Congress which was just read.

ures be brought up and automatically, by unanimous consent, added to the calendar. That is a violation of a fundamental rule of the Senate, to which I think it is necessary to adhere.

The PRESIDENT pro tempore. Objection is heard.

Mr. HATCH. Mr. President, of course it is a violation of the rule of the Senate. If it had not been a violation of the rule I would not have made a unanimous-consent request. It was in the hope that Senators would see fit to grant that small consideration that I made the request. I am sorry that the Senator from Ohio feels compelled to object.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT AGENCIES, 1948

The Senate resumed the consideration of the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

Mr. FERGUSON. Mr. President, the Committee on Appropriations, to which was referred House bill 3756, making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, has reported it with various amendments. For the information of the Senate I shall state briefly the changes made.

The amount in the bill as passed by the House was \$36,097,580. The amount as recommended by the Senate Committee on Appropriations is \$31,749,918; a net reduction under the House bill of \$4,350,662.

The appropriations made by the House are \$14,039,920 under the budget estimate. The appropriations recommended by the Senate committee are \$18,390,582 under the budget estimate.

There is also authorization for administrative expenses, which is not a direct appropriation, but paid from various other sources, out of corporate funds of either wholly owned or partly owned Government corporations.

On these items the amount in the bill as passed by the House is \$41,649,700. The amount as recommended by the Senate committee is \$47,435,000, or a net increase over the House bill of \$5,786,700. It must be noted, Mr. President, that those are not direct appropriations, but merely authorizations.

The House allowance is under the budget estimate by \$14,847,550; the Senate committee allowance is under the budget estimate by \$9,062,250. The net effect of the committee's action is to reduce the appropriations by 31 percent under the budget estimate and by 12 percent under the House allowances.

In the case of administrative expenses and authorizations which do not involve appropriation of funds from the Treasury of the United States but which set a limit on the amount and use of corporate funds, the committee has seen fit to make changes which, percentagewise, have the following effect: 19 percent under the budget estimate and 14 percent over the House allowance.

Mr. BARKLEY. Mr. President, will the Senator yield at this point?

Mr. FERGUSON. I am glad to yield.

Mr. BARKLEY. I am compelled to leave the Chamber, and I shall not be able to return later during the day.

I wish to clear up a matter involving the housing situation and the Housing Expediter. As I understand the situation, the House of Representatives provided only \$100,000 for the Expediter, eliminated \$450,000 for constituent agencies, although that sum was recommended by the Bureau of the Budget, and also eliminated \$765,000 under the Lanham Act; so that the net result was that the House eliminated everything for the Housing Expediter except \$100,000, which is an insignificant sum when we consider the housing situation. Because of the language of the bill as reported by the Senate committee, there is some confusion as to what the net result is, that is, as to whether the language of the bill as reported by the Senate committee restores both the \$450,000 and the \$765,000, and whether the House appropriation of \$100,000 is in addition to that, which would make a total of \$1,315,000, instead of \$1,215,000, or whether in addition to the \$100,000 the Senate committee has made available only \$765,000 under the Lanham Act, making a total of \$865,000 for the Expediter. I should like to have the Senator clarify that situation, so that we may ascertain just how much the Senate bill provides.

Mr. FERGUSON. I shall be glad to explain what we have done in this bill in relation to the National Housing Administrator. I think the Senator from Kentucky misspoke himself in referring to the Housing Expediter, who is Mr. Creedon, and who occupies another office.

Mr. BARKLEY. That is correct.

Mr. FERGUSON. So we are talking about the same thing.

Mr. BARKLEY. Yes.

Mr. FERGUSON. The appropriation for administrative expenses is in the sum of only \$100,000. In the bill as reported by the Senate committee there is an addition of \$765,000, under the Lanham Act, which was left out by the House of Representatives. The Senate committee does not provide for an appropriation of \$100,000 plus \$450,000. The reason for cutting the amount of this appropriation to \$100,000, the amount allowed by the House of Representatives, is that the National Housing Administration is an agency which has been superimposed and is really a body which governs the Federal Home Loan Bank Administration, the National Housing Administration, and the Federal Public Housing Authority. It was the opinion of the House of Representatives, an opinion shared by the Senate subcommittee and the full Appropriations Committee of the Senate, which reports the bill, that \$100,000 would be sufficient for administrative expenses.

It is true that the National Housing Administrator, Mr. Fahey, testified that they had a grand scheme and grand program under which they wished to do research work and wished to have specialists, economists, and lawyers looking into the development of local legislation and local ordinances in relation to various activities; but the committee as a whole, including the Senator from Michi-

gan, feel that these matters can be handled by the agencies that are doing the work, and not by this top agency which is superimposed for the sole purpose of seeing that the other agencies, over which this top administrator is placed, are doing their duty.

We assume that when we appropriate the maximum amount—\$10,000—for the administrators of the Federal Home Loan Bank, the National Housing Administration, and the Federal Public Housing Authority, if we put a supervisor over them, he does not need a large staff; we believe that if he has counsel, if he has one associate or assistant, and if he has sufficient experts in his office to supervise the work, that is sufficient; and we believe that we should not provide \$1,000,000 or \$1,250,000 for this superagency.

Mr. BARKLEY. Mr. President, I should like to inquire a little further about this matter. I believe the Senate committee has added to the \$100,000, the total amount provided by the House, by eliminating a certain portion of the provision which was made by the House, with the result that \$765,000 under the Lanham Act is added.

Mr. FERGUSON. Yes; we provide for that.

Mr. BARKLEY. But as I understand the situation, the Senate committee has not added the \$450,000 going to make up the \$1,215,000 which the Budget Bureau requested for the other constituent agencies of the housing set-up. Is that correct?

Mr. FERGUSON. I think the Senator will find that instead of \$450,000, it is \$350,000. We did not allow that.

Mr. BARKLEY. The memorandum which I have on the subject shows \$450,000. But regardless of the exact amount, I understand that it was not allowed.

Mr. FERGUSON. It was not allowed.

Mr. BARKLEY. One hundred thousand dollars for administrative work on a problem so important and vital as the housing situation seems to me to be very inadequate. I am not a member of the Appropriations Committee, and of course I did not attend the hearings and get the background of all this matter, but it is rather difficult to understand it from a memorandum which was handed to me just before the bill was taken up.

Of course, all of us are interested in the housing problem. The Senator from Ohio [Mr. TAFT] and I, as members of the Banking and Currency Committee, for many years were interested in this matter. The housing authorities feel that in order to do this job adequately they really need \$1,215,000, which was requested by the Bureau of the Budget, and is made up of the \$765,000 and the \$450,000, if the latter is the correct figure.

The net result, as I understand the Senator from Michigan, is that the \$100,000 plus the \$765,000 make a total of \$865,000 which the committee allows in the bill.

Mr. FERGUSON. That is correct.

Mr. BARKLEY. Let me ask about another matter. Twenty-four million dollars was requested by the Bureau of the Budget, but it has been reduced to \$20,000,000. I think the House reduced it to \$17,000,000 or a little more, and the Senate committee has raised it to ap-

proximately \$20,000,000, but that is still \$4,000,000 less than what the housing authorities believed was necessary. Will the Senator from Michigan state the facts about that matter and the reason why the committee did not restore the entire amount which was requested?

Mr. FERGUSON. I shall be glad to give the explanation in regard to that item, which is the one for the Federal Housing Administration. By the way, that agency is under the same man; he is administrator of both the National Housing Agency, the super organization, and the Federal Housing Administration.

Mr. BARKLEY. All of that grows out of an effort to coordinate these housing agencies so that people will know where to go and upon whom to depend in regard to any phase of the housing problem, instead of having them scattered all over town.

Mr. FERGUSON. But in that attempt to coordinate, we put the coordinator over himself, and he coordinates himself, together with two others.

Mr. BARKLEY. Well, if a man cannot coordinate himself, he does not have much hope of coordinating other people. [Laughter.]

Mr. FERGUSON. Mr. President, there is something to that, particularly in the Government.

Mr. BARKLEY. That includes the Senate, too; we are in Government.

Mr. FERGUSON. As to the Federal Housing Administration, the subcommittee allowed \$17,624,000. When this matter came up in the full committee, the Senator from Maryland [Mr. TYDINGS] appeared and presented the case for the Federal Housing Administration. At that time we agreed to increase the amount to \$20,000,000, which would be taken to conference, because we felt from the discussion that we did not want to do anything by way of cutting out any funds—and this is not a direct appropriation, but is merely an authorization—that would in any way interfere with housing. But it was the opinion of the Senator from Michigan, judging from what was said, that the Federal Housing Administration would be able to get along with the \$20,000,000, and we then and there increased the item from \$17,624,000 to \$20,000,000.

It is true that that amount is \$4,000,000 under the figure estimated by the Budget. But if the expenses of government are to be reduced, it is necessary that some items be reduced, and this is one item which was reduced.

Mr. BARKLEY. Mr. President, I appreciate the increase that was made from the \$17,600,000 to the \$20,000,000. I have conferred with the Senator from Maryland [Mr. TYDINGS], upon whose motion in the full committee the amount was raised to \$20,000,000. Not being a member of the committee myself, and not having had the benefit of the discussions in the hearings, I am not in a very good position to defend an amendment increasing the amount, and, therefore, I shall not offer it. I feel that if it is offered it should be offered by some member of the committee who is familiar with the facts.

I do deplore any effort to economize unnecessarily in the field of housing.

We all understand the tragic problem of housing in this country. We all understand that none of our ambitions have been realized in regard to housing, not only as regards veterans, but generally. Four million dollars a year is not a great amount of money, if by appropriating it we could expedite and facilitate the building of houses for the American people, and especially for the veterans.

After the consideration given by the committee and the action taken by the committee on the initiative of the Senator from Maryland, I myself do not feel that I know enough about what occurred in the committee to justify me in offering an amendment, and I shall not do so.

I hope the Senate conferees, when the bill goes to conference, will insist on the total amount provided in the bill, not only in this particular item, but the other item which I discussed with the Senator a moment ago.

I ask unanimous consent at this point, if the Senator will permit, that I may include in our colloquy a statement with respect to the latter item of \$24,000,000.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CREATION AND PURPOSE OF FHA

The Federal Housing Administration was established June 27, 1934, under the provisions of the National Housing Act, to encourage improvement in housing standards and conditions, to promote a stable home mortgage market, and to stimulate the flow of private capital into the field of home financing through the insurance of mortgages on dwellings. During the present year the Federal Housing Administration has operated under three titles of the National Housing Act. These are title I, which authorizes partial insurance by the Federal Housing Administration of character loans made for renovation, improvement, and within certain limitations, construction of both residential and nonresidential properties; title II, which provides for insurance of home mortgages up to 80 to 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II, but provides for insurance of home mortgages on a current cost basis for veterans' emergency housing. Title VI was used during the years 1941-45 for insurance of privately financed war housing and was reinstated by the Congress in the spring of 1946 (Public Law 388, 79th Cong.) for insurance of veterans' housing. During normal times the Federal Housing Administration operates exclusively under titles I and II. The authority to insure new business under both titles I and VI would have expired on June 30, 1947, except for recent legislation extending such authority beyond that date.

During its nearly 13 years of operations the Federal Housing Administration has insured in excess of \$10,000,000,000 of loans. Through the use of this system, more than seven and one-half million families have been able to purchase, build, rent, or repair their homes.

The Federal Housing Administration program represents a joint effort of private builder, private lender, and the Government, addressed to providing adequate housing for the people.

FHA BUDGET REQUEST

All operating expenses of the Federal Housing Administration in connection with the programs authorized under the National Housing Act are financed from its own income which it receives from examination

and inspection fees, insurance premiums, and interest on investments. Administrative expenses for fiscal 1948 were estimated at \$24,000,000. The income from insurance operations was estimated at a little in excess of \$41,000,000.

The \$24,000,000 for administrative expenses would provide an average 5,789 employees to process insurance applications involving 486,500 dwelling units as well as to maintain all the insurance business on the books amounting to \$4,000,000,000.

The amount approved by the Appropriations Committee is \$20,000,000. This would provide for an average of about 4,700 employees. Apparently the amount approved by the committee is based on a lower workload estimate than that estimated by FHA. However, the trend of applications has been steadily upward and during the past 3 months has been at the annual rate of 648,000 dwelling units. The annual rate of the June volume was 756,000 dwelling units. Many possible factors may change this downward, but there is much room for downward revision before reaching the 486,500 dwelling-unit estimate upon which the \$24,000,000 budget was based.

In an attempt to handle this marked increase in applications, the Federal Housing Administration increased its personnel steadily until the present budget situation developed. Despite this increase in personnel and simplification of procedures, the backlog of applications has risen materially and the processing time required is longer than is satisfactory to FHA or acceptable to the building industry and lending institutions. The backlog of cases to be processed and the number of commitments outstanding will result in a heavy volume of work for FHA personnel in examining the applications received, in making the required and extremely important inspections of new units under construction, and in the closing of insured cases as construction is completed and the mortgages endorsed for insurance. After the \$24,000,000 FHA budget was submitted to the Congress and even after it was acted upon by the House, legislation extending the authority of FHA to insure improvement loans under title I (Public Law 120, approved June 26, 1947) was enacted into law. This will add a further workload not contemplated in the budget. Furthermore, Public Law 129, approved June 30, 1947, extending FHA authority to insure loans under title VI, will undoubtedly have the effect of increasing the number of mortgage insurance applications upon which the budget of \$24,000,000 was based.

The Federal Housing Administration has a staff of 4,800 employees which should be expanded to handle the present workload. Further expansion would be indicated if the present workload continues. The evidence submitted indicates that the workload estimate is conservative. Present expenses are running at an annual rate of \$20,500,000. Instead of increasing its staff to handle the high volume of business which it is now receiving, FHA would have some difficulty continuing even its present staff. On the basis of the House action it would have to release at once upward of 800 persons, mostly among those processing business already on hand and currently being received in the field offices.

At the time of preparing his estimates, months in advance of their consideration by Congress, the Commissioner of FHA had to make certain assumptions of work load. Even when he appeared before the House Appropriations Committee, he had to base a prediction upon his general knowledge of conditions. The work load is no longer an assumption, however. It is at hand—at a rate in excess of his estimate for the fiscal year. He cannot prophesy exactly at what rate it will continue, but he can prophesy certainly that if it continues, as it promises to do, he will be unable to handle it properly in the

full public interest with the budget figure of \$20,000,000.

In summary, the following points are emphasized to substantiate the FHA budget request of \$24,000,000:

1. The present FHA work load is and has been for some months at an annual rate well in excess of the 486,500 dwelling-unit applications upon which FHA based its budget request.

2. Public Law 129, approved June 30, 1947, extending title VI, will increase the volume of mortgage-insurance applications beyond the 486,500 dwelling units originally estimated, since current costs can continue to be recognized by FHA in the insurance of mortgages. No provision for this increased volume was included in the FHA budget because the law was passed only a few days ago.

3. Public Law 129 also contained an entirely new section (sec. 609) providing for the insurance of loans to finance the manufacture of housing. This will also add to the FHA work load an operation for which no provision was made in its budget.

4. Public Law 120, approved June 26, 1947, extends title I so as to provide for the insurance of improvement loans. This law was also passed after the FHA budget was submitted to the Congress and after the House acted upon the budget request, and, accordingly, no provision was contained in it for the additional work load that will result. It has been estimated that this operation will yield about \$4,000,000 of additional income over and above the original estimate of \$41,000,000 for fiscal 1948.

It should be pointed out that the FHA budget request is for an authorization to expend out of receipts. Excess of receipts over expenditures goes to increase reserves in the insuring funds against losses. The agency has given plenty of evidence over the years of its earnest concern about building up its reserves, and of its economical and efficient management. It seeks an authorization large enough so that it will be in a position to serve private building enterprise properly—not so that it can expend money unnecessarily. If proof of that is needed—note the fact that last year, because its business volume grew gradually, it was able to adjust the expenditure of its funds so as to save \$1,400,000 from its budget authorization.

The importance of providing adequate funds for the Federal Housing Administration arises out of the critical need for additional housing. The vital part the Federal Housing Administration plays in the production of housing by private enterprise is demonstrated by the fact that in excess of 50 percent of all permanent privately financed housing scheduled to be started, according to Bureau of Labor statistics, is presently the subject of an FHA application for mortgage insurance.

Mr. TAFT. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from Ohio.

Mr. TAFT. I do not agree with the remarks of the Senator regarding the position or the value or the character of the service suppose to be rendered by the National Housing Administrator. However, that question is involved in the approval or disapproval of Reorganization Plan No. 3, so that I do not think it should be raised now, in connection with the bill we are considering. In effect, it seems to me the House was trying to abolish the agency by indirection, by failure to appropriate.

If the Senate approves the reorganization plan, then I think there should be in a deficiency bill a clearer allowance for the functions of the National Housing

Administration. If the Senator disapproves, then there would be no occasion for that, because then it could operate for only 6 months, until the end of the war, as declared by the concurrent resolution which we passed recently.

Mr. FERGUSON. Mr. President, I think the able Senator from Ohio has stated the case correctly, that if the reorganization plan shall be approved and the Administrator shall be given certain authority, we should then appropriate a sufficient amount of money to carry out the functions we will have designated in the reorganization plan.

Reverting to the subject last being discussed by the able Senator from Kentucky, I wish to call to the attention of the Senate the fact that last year, that is, in the fiscal year 1947, the Housing Administrator expended \$16,200,000. So we have in effect increased the appropriation \$3,800,000, which the committee felt was sufficient.

Mr. President, before I could ask that the formal reading of the bill be dispensed with, the able Senator from Kentucky wanted to bring up certain matters and colloquy ensued. I now ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that committee amendments be first considered.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will state the first amendment of the Committee on Appropriations.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Tennessee Valley Authority," on page 2, line 1, after "12A", to strike out "\$22,143,500" and insert "\$13,117,521"; in the same line, after the amendment just above stated, to strike out "including not to exceed \$3,253,979 for the construction of South Holston Dam and Watauga Dam and"; in line 3, after the amendment last above stated, to insert the word "including".

The amendment was agreed to.

The next amendment was, on the same page, in line 4, after the word "exceed", to strike out "\$6,686,000" and insert "\$3,000,000."

Mr. McCARRAN. Mr. President, I should like to inquire of the Senator from Michigan whether this amendment reducing the House amount from \$6,686,000 to \$3,000,000 affects the chemical plant of the Tennessee Valley Authority, about which testimony was had during the hearings.

Mr. FERGUSON. The amount of \$6,686,000, which is stricken out, was for additions only. The committee amendment appropriating \$3,000,000 is for the chemical plant, maintenance, and replacement; not additions. The amount that was to be used in excess of \$3,000,000 was for a product which had not been sufficiently tested. It had been experimented with only in a pilot plant, and the committee felt that the amount provided should be stricken from the bill at this time, and that \$3,000,000 would be sufficient for maintenance and replacement.

Mr. McCARRAN. I am now dealing with the matter of fertilizer. Does this

mean that the program heretofore carried out by the Tennessee Valley Authority of distributing free fertilizer throughout the country is to be curtailed or eliminated?

Mr. FERGUSON. This item has nothing to do with the distribution of free fertilizer. There is another item, later in the bill, which has something to do with that.

Mr. McCARRAN. Does that come under the caption "Tennessee Valley Authority," which we are now considering?

Mr. FERGUSON. Yes, but it is part of the \$13,117,521, which is the amount allowed in line 1 on page 2 of the bill. That includes the \$3,000,000.

Mr. McCARRAN. I inadvertently allowed that amendment to be agreed to through my mistake, and I respectfully ask unanimous consent that we may revert to that item, and that the vote by which the amendment was agreed to be reconsidered.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, the vote is reconsidered, and the amendment is before the Senate.

Mr. McCARRAN. Mr. President, it appears to me that in our zeal for economy we may have gone too far in this amendment. As I understand the record—and I have it before me—and as I heard the testimony, the plan has been to distribute free fertilizer for experimental purposes throughout the United States. I recall the statement made by the gentleman who testified, Mr. Clapp, who said that groups of farmers in the various sections met and among themselves, selected those of their particular groups in the particular vicinities, who would be willing to devote their lands and their activities to the program which would be established by the Tennessee Valley Authority for the testing out of fertilizers made at the Tennessee Valley Authority plant. When farmers had agreed to the plan, the fertilizer was sent to them free of charge. It involved the expenditure of a considerable sum of money.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. McCARRAN. I shall yield in a moment, though I hardly think I have the floor. In place of the Government, or the Tennessee Valley Authority for the Government, purchasing lands for experimental purposes, on which to test the use of fertilizers, the farmers throughout the country tendered the use of particular farms on which the test could be made I think the chairman of the committee will recall that that is substantially the testimony. It seems to me it would be a mistake to cut off the program.

Several Representatives in Congress from the great State of Tennessee have stated to me that this was one of the greatest things that happened for their State. Others have told me that, where experiments had been made with the fertilizer, it had been a great boon to the farming community. Most of the farmers who undertook the test carried it to completion, though it required several years. Some of the farmers con-

cluded it was too expensive, and gave up the test. It is my understanding—and I wish to be corrected if I am in error—that the committee amendment would practically eliminate the program undertaken by the Tennessee Valley Authority. Those who were willing to make their lands available for testing the fertilizer, when the fertilizer was given to them without charge, would no longer receive the fertilizer, and the program would come to an end. Am I correct in that, or am I in error?

Mr. FERGUSON. The Senator is not entirely correct. He is correct as to certain of the items. May I explain?

Mr. McCARRAN. I should be glad if the Senator would do so.

Mr. FERGUSON. The amount for research, in the sum of \$1,483,000, has not been changed. The amount for certain development work has been reduced one-half. That includes this item, but it needs explanation. There was requested for agricultural resource development, \$3,450,000; forest resource development, \$700,000; mineral resource development, \$215,000; recreation resource development, \$254,000; stream sanitation and public health, \$200,000; fish and game investigation, \$90,000; topographical mapping, \$400,000; special studies and activities, \$315,000; administrative and general expense, \$400,000; a total of \$6,024,000. That amount was reduced one-half.

It must be remembered that the committee found that they were distributing fertilizer to 38,000 people. That does not mean 38,000 different people in different years; it means that the same farmers received the fertilizer every year, some of them for as many as 10 years. The House provided a system by which there was to be some payment for the fertilizer. The pending proposal represents merely an effort to coordinate the use of the fertilizer and the experimentation efforts with the work of the Agricultural Department. In the report we say there should be, and that there shall be, a coordination of fertilizer experimentation with the Agricultural Department because it is found that there is a great amount of duplication in the use of fertilizer for experimental purposes.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. FERGUSON. Yes; I shall be glad to yield.

Mr. LANGER. In the testimony before the committee, was there discussion of the question of fertilizer being furnished to various agricultural colleges?

Mr. FERGUSON. I would not say directly to agricultural colleges, but to persons who are named by the agricultural colleges, and a group of people in each State, who determine who are to receive the fertilizer.

Mr. LANGER. It was my understanding, in talking to Mr. Lilienthal, that the fertilizer was to be furnished at cost to any agricultural college in the country.

Mr. FERGUSON. I may say that this amount will not affect the provision as to agricultural colleges getting the fertilizer at cost.

Mr. LANGER. How about an institution such as the University of Alaska?

Mr. FERGUSON. The bill would not affect such an institution, if it is entitled to obtain fertilizer at cost.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. As I understand, the Tennessee Valley Authority does not of itself distribute any fertilizer to farmers.

Mr. FERGUSON. Not directly; that is correct.

Mr. AIKEN. It manufactures the fertilizer for experimental work, and then the State extension service selects the farms on which the fertilizer will be used for demonstration purposes?

Mr. McCARRAN. I do not understand that to be exactly the program. As I heard the testimony, and as I quote from memory, it was to the effect that group meetings were to be held in various sections of a county, for instance, and the farmers, among themselves, by voluntary action, decided who should take part in the experimentation.

Mr. AIKEN. The farmers are selected by the States, not by the TVA?

Mr. McCARRAN. They are not selected by the TVA. They are selected largely by the Federal Farm Bureau.

Mr. AIKEN. Therefore, the TVA does not control the distribution of the fertilizer; it simply manufactures it for experimental purposes?

Mr. McCARRAN. It is sent to farmers who, having been selected at the meetings, evince a willingness to undertake the experimentation and devote their lands to it. It is then sent to them directly by TVA.

Mr. AIKEN. I think the Senator is correct about that, but I believe he will find the State extension service has authority over experimental use of the fertilizer, and that the farmer must make his fields open for public observation, submit reports on crop yields, and so on.

Mr. McCARRAN. That is correct, as I understand.

Mr. AIKEN. It does not seem to me that 38,000 farmers out of 6,000,000 is a very large percentage to be used for demonstration purposes. I should not say it had been overdone.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. Mr. President, will the Senator from Kentucky yield for an observation in connection with this same subject?

Mr. COOPER. I defer to the Senator from Alabama who knows more about the subject than I do.

Mr. HILL. I thank the Senator. I should like to make it clear, as the Senator from Vermont and the Senator from Nevada have stated, that a selection is made of the farmers whose farms may be used for demonstration or test programs. The tests are conducted under the supervision of the land-grant colleges, through the State extension service and county agents. The TVA does not select the farmers. The program is carried out by the land-grant colleges through the extension service.

Mr. McCARRAN. That is correct.

Mr. HILL. The farmer pays the cost of transporting the fertilizer, too.

Mr. COOPER. Mr. President, will the Senator now yield?

Mr. McCARRAN. The Senator from Michigan has the floor.

Mr. FERGUSON. I yield to the Senator from Kentucky.

Mr. COOPER. A few moments ago I think the Senator from Michigan stated that in the budget estimate for the item under discussion, \$22,143,500, \$1,483,000 had been provided for fertilizer demonstration.

Mr. FERGUSON. No; that was for research.

Mr. COOPER. Does the item carry with it also the cost of the demonstration service?

Mr. FERGUSON. No; it does not include that. The item the Senator has just mentioned is included in the \$3,000,000 appropriation.

Mr. COOPER. As I understand, the \$3,000,000 refers solely to capital additions?

Mr. FERGUSON. Yes. The \$3,000,000, mentioned on line 4, is not the \$3,000,000 about which we are now talking. We are talking about the \$3,000,000, included in line 1, in the sum of \$13,117,521.

Mr. COOPER. The point I should like to make is that the committee actually cut the appropriation by about 50 percent. Originally an appropriation of about \$26,000,000 was asked. It has been cut to \$13,000,000. It seems to me the amount which was estimated for the cost of the fertilizer program would also necessarily be cut 50 percent.

Mr. FERGUSON. I call the attention of the Senator to the language in line 14, on page 2:

Provided, That of said unexpended balance, \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams.

In other words, over and above the \$13,000,000, is the amount of \$12,000,000 which they now have in their possession, which they were not able to use last year because they could neither obtain supplies nor labor nor did they have the capacity actually to use the \$12,000,000. So, instead of having only \$13,117,521, as provided in the committee amendment on page 2, line 1, they have \$25,117,521, which is more than they were able to use last year.

Mr. COOPER. Is it correct that under the budget estimate about \$26,000,000 was requested?

Mr. FERGUSON. About \$27,000,000.

Mr. COOPER. About \$27,000,000. And an item was included in that estimate for the construction of the South Holston Dam and for the Watauga Dam. The committee has eliminated those items in arriving at a total of \$13,000,000?

Mr. FERGUSON. We have done it in this way, that we have allowed them to use \$12,000,000 which they now have in their possession and which they were unable to use last year. As I understand, the TVA has not objected to that arrangement.

Mr. COOPER. Then is it correct to say that for their demonstration program there is just as much left as there was before the committee struck the item for the dams and provided for their

construction by the use of \$12,000,000 unexpended funds?

Mr. FERGUSON. I should say that is true. They can use the sum of \$13,000,000 provided by the committee amendment in line 1 on page 2, in any way they desire. They can use the \$12,000,000 they have on hand only in one way; that is on the two dams. We had in mind, when the bill was prepared, that the two dams are to be completed in 1949 and 1951, respectively, and that if the agency shall use \$12,000,000 on the two dams this year, and about \$11,000,000 each in the next 2 years or 3 years, as the case may be, they will be able to complete the dams on schedule, while we will not be taking any sums from them.

Mr. COOPER. The point I want to make is, that from the Senator's statement then there is no reduction of the money available for the fertilizer demonstration program?

Mr. FERGUSON. That is correct.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. McCARRAN. I desire to make the matter clear. Are we to understand from the statement just made by the Senator that the program of distributing fertilizer throughout the country, which program was extensively considered by the committee during the hearings, may proceed to the full extent it has in the past, and that the money is provided in the bill for that program?

Mr. FERGUSON. I would not say that it is specifically spelled out, but the amount of money appropriated can be used by the TVA for that purpose. The TVA is not restricted to using the amount out of the \$13,117,521, and nothing contained in the bill would prevent the TVA from using that amount, because we have cut out other items which may have been considered as preventing such action.

Mr. McCARRAN. In other words, the agency may continue in the future to send fertilizer to the farmers to whom they have sent fertilizer in the past?

Mr. FERGUSON. I know of nothing in the bill to prevent them from doing so.

Mr. McCARRAN. And the money is in the bill with which they can do so?

Mr. FERGUSON. It is in the item of \$13,000,000.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. If the TVA should continue the production of fertilizer for demonstration purposes as they have in the past, would that necessitate eliminating some of their other functions, such as topographical surveys, mapping, and otherwise?

Mr. FERGUSON. I will say that if they want to use the amount of money they ask in their budget estimate then they would have to curtail expenditures along other lines.

Mr. AIKEN. As I understand, then, the committee contemplated cutting the TVA 50 percent on all these items, including the fertilizer demonstration work, but the committee left with the

TVA the privilege of eliminating some of their work completely, and using the full amount, as usual, for fertilizer demonstrations, if they so desire?

Mr. FERGUSON. We left it to the option of the TVA to conduct their business as they desire, but if they wanted to do it according to the budget estimate they would not have sufficient money to do it.

Mr. AIKEN. In other words, they are cut one-half on all their projects?

Mr. FERGUSON. Yes, the Senator is correct. It is up to them how they want to use the money.

Mr. AIKEN. If they do not wish to cut in half the production of fertilizer for demonstration purposes they can eliminate some of their other functions completely, and thus have the full amount to use for fertilizer demonstration.

Mr. FERGUSON. I should not say completely. They would have to curtail the production.

Mr. AIKEN. They would have that choice?

Mr. FERGUSON. Yes; they would have that choice.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. COOPER. I understood the Senator to say a while ago that the amount available for fertilizer demonstration was the same as that estimated before the cut in the appropriation. Is it correct that the fertilizer demonstration project is included in an item known as resource development?

Mr. FERGUSON. Yes; it is included in the resource development item, but not in the research item.

Mr. COOPER. Was request made for \$6,000,000 for resource development?

Mr. FERGUSON. That is correct.

Mr. COOPER. And that item has been cut to \$3,000,000?

Mr. FERGUSON. That is correct.

Mr. COOPER. Does it not follow then that the funds available for fertilizer demonstrations will be cut 50 percent and the other items in the program of resource development are eliminated entirely?

Mr. FERGUSON. It is certain that it is cut from \$6,000,000 in round figures to \$3,000,000.

Mr. COOPER. It follows then that the fertilizer development program is reduced by 50 percent, and that other items in the program are eliminated in toto?

Mr. FERGUSON. That is correct, unless they want to cut their other items.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. I notice in the last paragraph on page 2 of the committee report the following language:

Of the operating funds the committee has allowed \$3,000,000 for resource development.

Is not the resource development where the test farm program comes in?

Mr. FERGUSON. Yes.

Mr. HILL. Has not that item been cut exactly in half? Did not the Budget estimate \$6,000,000 for that item?

Mr. FERGUSON. That is correct. But it is not all for fertilizer-research development.

Mr. HILL. I realize that. It may not all be for research development, but the fund from which the test demonstration programs come has been cut by the committee exactly in half. I am wondering as a practical proposition whether these programs can be carried out.

Mr. FERGUSON. The Senator from Michigan believes they can be carried out because of the language at the bottom of page 2 of the report, as follows:

Of the operating funds the committee has allowed \$3,000,000 for resource development and \$1,483,000 for fertilizer research, with a directive to the agency that there be submitted a report to the committee showing that the TVA program of research is fully coordinated with the Department of Agriculture's research program.

Mr. HILL. What particular language does the Senator have in mind?

Mr. FERGUSON. The language in the report; the suggestion that they report back.

Mr. HILL. The report is all right. I have no objection to it. I should like to see the report. However, I do not see how making a report as to how the TVA program fits into the Department of Agriculture program helps in any way so far as funds for the TVA test demonstration programs are concerned.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. McCARRAN. The Senator from Michigan has answered our questions quite specifically; but I am a little afraid that the figures do not bear out his statement. What I am driving at is this: I want to provide sufficient funds in the bill so that the fertilizer program can go forward without impairing any other facility of the Tennessee Valley Authority. I am a little afraid, from the answers given by the Senator, that my wish in that respect could not be carried out with the figures now before us.

Mr. FERGUSON. If they attempted or desired to carry out the work which they indicated in the budget estimate, it could not be carried out unless their estimate was very high.

Mr. McCARRAN. I should like to ask another question. If an amendment were offered to the committee amendment in line 4, which is now \$3,000,000, as against \$6,686,000, would that augment the money for fertilizer distribution?

Mr. FERGUSON. Not a particle.

Mr. McCARRAN. If \$3,000,000 were added to the \$13,117,521 in line 1, would that carry forward the program for fertilizer distribution?

Mr. FERGUSON. That would allow the TVA to use the additional \$3,000,000 for such distribution if it desired to do so.

Mr. McCARRAN. At the proper time I shall offer such an amendment.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. What is the amendment which the Senator intends to propose?

Mr. McCARRAN. I am going to suggest an addition of \$3,000,000 at the

proper place; and according to the answers given to me, I think the proper place would be in line 1.

Mr. HILL. That is the amendment now before the Senate. If the Senator intends to offer an amendment, I think this is the proper time to do it.

Mr. McCARRAN. Mr. President, I now offer an amendment to the committee amendment, in line 1, on page 2, to strike out "\$13,117,521", and insert in lieu thereof the figure "\$16,117,521."

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment to the committee amendment on page 2, line 1, to strike out "\$13,117,521" and insert in lieu thereof "\$16,117,521." The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN] to the committee amendment on page 2, line 1.

Mr. SALTONSTALL. Will the Senator yield?

Mr. FERGUSON. I yield.

Mr. SALTONSTALL. I voted for the report of the committee as it was submitted, and I voted after looking over the items by which the \$6,000,000 was made up. The committee reduced those items to \$3,000,000, as the Senator from Michigan has brought out. The Senator from Nevada now wishes to put them back to \$6,000,000.

I call attention to the fact that of the \$6,000,000, \$3,400,000 is made up of the agricultural resources development item, which we all want continued. But with respect to the other items, there is an item of \$254,000 for recreation resource development, \$400,000 for topographic mapping, \$400,000 for administrative purposes, and \$700,000 for forest resource development, of which more than half is for assistance in forest management and reforestation. It seems to me that in a year when we are trying to cut Government expenses, some of those things can be curtailed very substantially without eliminating the chemical resource development for agricultural purposes, which we all want to see go forward. It was for that reason that I supported the Senator from Michigan in reducing this item from \$6,000,000 to \$3,000,000. It seemed to me to be a reasonable reduction under all the circumstances.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. McCARRAN. I invite the attention of the Senator from Massachusetts to the language in the committee report on page 2, near the bottom of the page:

Of the operating funds the committee has allowed \$3,000,000 for resource development and \$1,483,000 for fertilizer research, with a directive to the agency that there be submitted a report to the committee showing that the TVA program of research is fully coordinated with the Department of Agriculture's research program.

I may not read that language correctly. I certainly want to be corrected if I am in error, but it seems to me that the committee has reduced the amount that could be applied to the fertilizer experimentation program to \$1,483,000.

Mr. FERGUSON. That is not a correct reading of the language.

Mr. McCARRAN. Very well.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from Alabama.

Mr. HILL. The figure is now reduced to \$3,000,000, with the committee amendment.

Mr. FERGUSON. That is correct; and the Senator from Massachusetts [Mr. SALTONSTALL] has explained it, as has the Senator from Michigan.

Mr. HILL. According to the budget estimate, the \$6,024,000 for resource development includes the test farm demonstration fertilizer program. The overall figure submitted by the budget was \$6,024,000.

By its amendment the committee reduces the \$6,024,000 to \$3,000,000, whereas the budget estimate shows that the farm test demonstration fertilizer programs alone would cost \$3,450,000. So if we cut out all the other programs under resource development—and I doubt whether it would be economical to whack them all off at the end of the fiscal year, because we might lose a great deal of money and it might be unwise economically to do so—if we used the \$3,000,000 proposed by the committee, we should still be \$450,000, or nearly half a million dollars, short of carrying out the farm test fertilizer demonstration program.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. SALTONSTALL. I invite the attention of the Senator from Nevada to the fact that the \$1,483,000 which he mentions, on page 2 of the committee report, for fertilizer research, is the full amount which has been asked by the TVA for that item. There is an item for fertilizer and munitions research and development, of \$1,483,000.

Mr. McCARRAN. That is research.

Mr. SALTONSTALL. That is correct.

Mr. McCARRAN. That is not for distribution in the field.

Mr. SALTONSTALL. I call attention to the fact that under "agricultural resource development" the item which the distinguished Senator from Alabama has just been discussing, there is an item of \$185,000 for rural organizations and cooperative development, and \$175,000 for development of processes and markets for agricultural products. I submit that those two alone are not items which particularly concern chemical agricultural resource development, and could be cut down somewhat.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN] to the committee amendment on page 2, line 1.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. I should like to have the attention of the Senator from Massachusetts [Mr. SALTONSTALL]. I know what a wise man the Senator from Massachusetts is. I have the pleasure of serving with him on the same committee. He has been a very great Governor of his State of Massachusetts. I know that he would not want to do anything that was unwise or uneconomical, or would not be to the best interests of the

taxpayers and of the Government, and the best interests of this program.

If the Senator from Nevada were willing to modify his amendment and, instead of adding \$3,000,000, add two and a half million dollars, so as to allow sufficient leeway at least to insure that the test demonstration program for the farmer and other necessary resource development programs might be carried out, would that be agreeable to the Senator? We do not know today exactly what the status of the other resource development programs is. Some of them may be half completed; some may be three-fourths completed. It might not be well to stop them at this point, without the necessary knowledge. This bill has to go to conference. Conferees sit around the table and have an opportunity to call in experts and request the necessary information. I am wondering if the Senator from Massachusetts would be agreeable to making the amount two and one-half million dollars, and perhaps the Senator from Nevada would be willing to modify his amendment.

Mr. McCARRAN. I am perfectly content to modify it. What I want is to continue the program for use of fertilizer in this field. If two and one-half million dollars is the correct figure, I will modify my amendment accordingly.

Mr. HILL. If the Senator will yield to me. I addressed my remarks to the distinguished Senator from Massachusetts [Mr. SALTONSTALL] because he had raised the question of the budget items. I of course recognize the fact that the distinguished Senator from Michigan [Mr. FERGUSON] is chairman of the subcommittee and, as such chairman, is the authoritative voice in this matter. I want to appeal to him. I know he does not want to destroy this program and that he does not want to do anything which might bring about waste or an uneconomical situation or something that would not be wise, constructive, and in the best interests of the Government and of the farmers. The bill must go to conference, and I hope he will agree to permit the Senator from Nevada to modify his amendment and will accept the amendment.

Mr. FERGUSON. The Senator from Michigan cannot accept the amendment. So far as the conference is concerned, the Members of the conference committee will be in a position in which they will have before them all the arguments which have been made here on the floor. The sum of \$22,000,000 is involved. The House allowed \$22,143,500 because they were not considering the sum of \$12,000,000 in lines 14 and 15. The conferees would be able to take into consideration this item and decide what should be done. So I see no advantage in changing it here, because all of the debate will be before the conference, and the figure is such that the conference can decide what should be done, just as would be the case if the Senator from Michigan accepted the amendment.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. It seems to me that the adoption of the amendment of the Senator from Nevada would indicate very

clearly that the Senate wanted the demonstration program continued, and there would still be an opportunity for the conference to compromise in other ways. If there ever was a time when the farmer needed to learn how to produce more at less cost, I think that time is the present. We have the question as to whether we shall continue to export food to foreign countries. If we do, we must continue our present production and even increase it. But more important than that to the individual farmer is the question of whether he will be able to continue farming. The cost of farm machinery is so high, and other costs are so great, that he must learn to produce more cheaply. One way in which he can produce more at less cost is through the use of high-power fertilizer and more complete fertilizer than he has been using. It is necessary to make up special brands for that purpose. It has been found that we cannot produce certain crops through the use of phosphorus, nitrogen, and potash. It has been found that certain crop failures are due to lack of boron, magnesium, iron, and many other things.

So I think it would be well to indicate that the Senate desires this program continued, even though it may mean cutting down some of the other things that the Senator from Massachusetts has indicated might well be dispensed with, at least temporarily. I hope the additional \$3,000,000 will be included in the bill, even if the conference committee has to take it off some other items.

Mr. McCARRAN. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McCARRAN. Is it understood now that I have modified my amendment so as to read "\$2,500,000"?

The PRESIDENT pro tempore. The Senator from Nevada modifies his amendment so that the increase in the committee's recommendation is \$2,500,000 instead of \$3,000,000. The question is on agreeing to the modified amendment to the committee amendment.

Mr. FERGUSON. Mr. President, I want to state, in relation to the remarks of the able Senator from Vermont [Mr. AIKEN], that if the Senate adopts this amendment it will be saying to the TVA, "Use \$3,000,000 for the work of distributing this fertilizer to specific farmers," and will be telling them that they are to use, or that the Senate wants them to use, \$2,500,000 for other items which have been read into the RECORD, such as forest resource development, mineral development, recreational resource development, stream sanitation and public health, fish and game investigation, topographic mapping, special studies, and activities—

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. Do I correctly understand that \$6,000,000 is to be used in this fertilizer demonstration?

Mr. FERGUSON. No; the Senator is entirely incorrect. The greatest amount requested was \$3,450,000.

Mr. AIKEN. For a demonstration program?

Mr. FERGUSON. Yes.

Mr. HILL. According to the budget estimate, \$3,450,000 was for demonstration programs by themselves.

Mr. FERGUSON. I want to correct that figure. The Tennessee Valley Authority budget program for the fiscal year 1948 provides for fertilizer used as tests and demonstrations, and the amount estimated for 1948 is \$1,875,000. The other items are fertilizer demonstrations and farm management assistance, \$800,000; soil and fertilizer investigations, \$150,000. I have already referred to the fertilizer used in tests and demonstrations. The amount is \$1,875,000.

Other materials used in tests and demonstrations, \$25,000; soil inventory and mapping, \$60,000; development demonstration of farm equipment, \$180,000; development of processes of marketing of agricultural products, \$175,000; rural organization and cooperative developments, \$185,000—

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. I do not have the book which the Senator has in his hand so that I can follow him; but how much would it be necessary to add to the appropriation to restore the fertilizer demonstration program to its status for this year?

Mr. FERGUSON. They would not need one dollar increase.

Mr. AIKEN. Assuming we allow for cutting the other activities in half?

Mr. FERGUSON. If we cut the other items, there is only \$1,875,000.

Mr. AIKEN. But suppose the other items are left at the figure at which the committee felt they should be left?

Mr. FERGUSON. But we are not saying that to the TVA. We are saying, "Run your own business. Here is \$3,000,000. You have asked for \$1,875,000 for furnishing this fertilizer. We are giving you \$3,000,000 for that and the other things for which you have wanted money."

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. The Senator from Michigan is correct, in that this particular fertilizer activity according to the budget estimate, costs \$1,875,000.

Mr. McCARRAN. Is that for production?

Mr. HILL. But these test programs also involve and take in and have as part and parcel of them the other items to which the Senator has referred, such as other materials used in tests and demonstrations.

Of course it is necessary to make an inventory of the soil, by means of soil mapping, before it is possible to determine what kind of fertilizer should be put on the soil. In short, it is necessary to have the fertilizer, but it is also necessary to develop the other factors. According to the Bureau of the Budget, the cost is \$3,450,000.

Mr. FERGUSON. Mr. President, if we add the first four items which I read into the RECORD—that is to say, the \$800,000, the \$150,000, the \$1,875,000, and the \$25,000, which would be a total of \$2,850,000—we find that the program

could be carried out with that total. But this program will not add to the food supply this year. This program merely involves demonstrations on 38,000 farms in the United States. It has been going on for 10 years or more. The specific farmer whose farm is selected in the manner which has been indicated, as brought out in the discussion today, could continue to get as much as he has ever obtained in the past, and there still would be sufficient money to carry out some of the other programs.

Mr. President, I hope the Senate will not increase this item, but will send it to conference just as the Appropriations Committee has reported it.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. With all deference to my friend, the Senator from Michigan, I insist that to carry out these test farm demonstration programs as they have been carried out during the past 14 or 15 years, and as they have rendered such definite benefits to the farmers and have met with such success in behalf of agriculture in the United States, the full amount of \$3,450,000 is needed, because not only is it necessary to have the fertilizer and other materials, but it is also necessary to have the soil inventory mapping done. It is necessary to have an inventory made of the soil before the kind of fertilizer which is to be used is determined.

Mr. AIKEN. Mr. President, will the Senator from Michigan yield to me, so that I may ask a question of the Senator from Alabama?

Mr. FERGUSON. I yield.

Mr. AIKEN. In that case, the full \$2,500,000 which is requested by the Senator from Nevada would not be required. In the opinion of the Senator from Alabama, how much would it be necessary to add to this amount so that the fertilizer demonstration program could be carried out, and still leave the appropriations for the other activities cut by one-half, as evidently was contemplated by the Appropriations Committee?

Mr. McCARRAN. Mr. President, let me read from the testimony beginning on page 331 of the hearings. This is part of the testimony of Mr. Clapp:

Senator FERGUSON. You have one item of resource-development activities in the amount of \$6,000,000. What is that item?

RESOURCE-DEVELOPMENT ACTIVITIES

Mr. CLAPP. That item includes the test-demonstration program in connection with the tests and demonstrations on actual farms of our new fertilizer products. It also covers the work that we do in the field of forestry development, in cooperation with private-land owners and the United States and State forest agencies.

It includes the work we do in cooperating with the States in surveying and locating mineral deposits, and carrying on some experiments to develop processes that will find new uses for them.

Senator FERGUSON. Are you in effect substituting your activities for those of the Agriculture and the Interior Departments?

Mr. CLAPP. No; we are not substituting them. Our work in the field of agriculture goes on under a memorandum of understanding, to which the Department of Agriculture, the 7 land-grant colleges and exten-

sion services of the valley States, and the TVA are parties.

In the field of mineral-resource work, one of the Bureau of Mines laboratories is located right in Norris, Tenn., and we have an agreement with them for collaboration in the kinds of projects that they undertake and the kind we undertake.

Senator FERGUSON. Is there any duplication?

Mr. CLAPP. No; there is no duplication in that.

Senator FERGUSON. Do you mean the Agriculture Department has no experimental or research in the territory listed here?

Mr. CLAPP. I am sure they have some studies going on in the field of soil minerals, and in erosion, and so forth. But they do not carry on a program of the nature of this test-demonstration program; where the Extension Service, through its county agents, works with farmers in county after county, setting up on a voluntary basis the farmers who will devote their whole farms to the testing and demonstration of these new products.

Senator FERGUSON. Do you have trouble obtaining farmers that will allow you to take this fertilizer?

Mr. CLAPP. I won't say we have trouble, but not everyone wants to go into it.

Senator FERGUSON. In how many States do you operate experimental farms?

EXPERIMENTAL FARMS

Mr. CLAPP. Of course, we don't actually operate any experimental farms.

Senator FERGUSON. You are giving them fertilizer?

Mr. CLAPP. We are furnishing these new products to them, to some 38,000 test-demonstration farmers, in 29 States, including the 7 valley States.

They take that material to apply to their lands, in accord with a farm plan, which they have worked out, as a part of their community program, and in collaboration with the county agent.

That farm plan is designed to test our new products for their effectiveness as a fertilizer, and also to demonstrate the new kinds of farm practices that a farmer can change to, if he gets adequate amounts of high-analysis mineral fertilizer.

Senator FERGUSON. Does not the Department of Agriculture do exactly the same thing?

Mr. CLAPP. No, it does not, sir.

Senator FERGUSON. It is just a little different way, is it not? Do they not carry out the same experimentation?

Mr. CLAPP. They have experimental plots in some of their laboratory set-ups. I am sure of that.

Senator FERGUSON. Have you ever tried to get these farmers that you have used for years, where you have increased the value of their farms, to pay you for the fertilizer?

Mr. CLAPP. In the plans for 1948, the fiscal year that these estimates cover, there will be some five or six thousand farmers who have been receiving these materials for the cost of shipping and handling and who will remain in the program but from now on will buy their fertilizer.

Senator FERGUSON. Is that because of the House action, or because of your action?

Mr. CLAPP. That is because of our action, and that is the way it was submitted to the Bureau of the Budget and to the House, in our plans for 1948.

Senator FERGUSON. What do they pay for it compared with what it costs TVA to produce?

Mr. CLAPP. They may not buy them from the TVA; it will be a price that will return cost if they do buy them from the TVA.

Senator FERGUSON. To the TVA?

Mr. CLAPP. That is right.

Senator FERGUSON. Do you know what the cost will be from your plant, compared to the cost of commercial producers?

Mr. CLAPP. The cost at our Muscle Shoals plant for, let us say, triple superphosphate, will probably be higher than the cost is at a plant located more ideally than Muscle Shoals, in relation to the mines.

And also in relationship to a plant that is in operation for the purpose of producing, without regard to its research and developmental aspects.

This is not a yardstick plant, as so many people have supposed. Our Muscle Shoals operations are not designed to set up a financial and accounting yardstick against which comparisons can be made with other private plants.

It is set up for the purpose of producing new types of products that are more efficient, when applied to the soil, new types of products that contain a higher quantity of actual plant food that will be available to a crop when it is put on the land; and the higher analysis content of the finished product costs less to ship the greater the distance, and thereby costs the farmer less per unit of plant food.

Senator FERGUSON. Do I understand that in one item that you have, that if you sold under this new basis to these particular 5,000 farmers, that the difference would be 65 cents to \$1.06 per unit? I am talking about plant food, including phosphoric acid.

Mr. CLAPP. There is a difference; do you mean what way?

Senator FERGUSON. In the price; your cost would be \$1.06, and the commercial producer could produce it and sell it for 65 cents?

Mr. CLAPP. If he does that, the farmer will buy it from him. That is perfectly all right with us.

Senator FERGUSON. Have you figured out whether or not the farmers will buy it on this new basis from you?

Mr. CLAPP. We have no doubt but that the materials will be bought.

Senator FERGUSON. Well—

Senator McCARRAN. Have you figured out whether it will be bought from you? I do not understand your answer as being applicable to that question.

Mr. CLAPP. The question was: Will these farmers who as test-demonstration farmers, without having access to what is frequently referred to as free fertilizer, buy products from us?

My answer to that is that it is immaterial to the TVA whether they buy the product from us or from commercial sources.

As a matter of fact, the more they buy from commercial sources, the better it will suit us, because as they increase their demand for higher analysis materials, the kind of materials which the fertilizer industry is not yet producing enough of, then the purposes of the TVA program in this field will be more completely realized.

Mr. President, I merely read the testimony of Mr. Clapp, with which I might continue at greater length, to show that there is merit in the amendment which I have offered to increase the amount so that the field activity—not the research activity, but the field activity—of furnishing this fertilizer throughout the United States, to farmers who are willing to give their land and their time to a new process of farming, utilizing this new product, may be carried on.

Mr. HILL. The farmer pays the cost of transportation?

Mr. McCARRAN. The farmer pays the cost of transportation.

Mr. FERGUSON. Mr. President, I have the figures here for direct distribution of fertilizer by Government agencies in 1946, which is the latest date I have. The figure for direct distribution by AAA, grant-of-aid, soil conservation program

is 314,395 tons. I take it that would be through other agencies than TVA. Then we find the figures for distribution under the TVA demonstration program for 1946, showing the distribution to have been of 47,439 tons.

I take the Tennessee Valley Authority's budget program for the fiscal year ending June 30, 1948, and I figure 6,500 tons, and 500 tons, and 20,170 tons, making a total of 27,170 tons for this year.

We hear talk about the program and the plan to make demonstrations in each State. Let us look at the figures. In the year 1946 in New England there were delivered only 282 tons. In 1945, 474 tons were delivered there. It is worth noting that only one State in New England, that is, the State of Vermont, received any fertilizer by virtue of this program.

Let us turn to the Middle Atlantic States, and see whether there was distribution there. We find that in the Middle Atlantic States only 397 tons were distributed in 1946. By the way, only one State, namely, the State of New York, received the 397 tons. The State of New Jersey and the State Pennsylvania did not get a pound of fertilizer out of this program.

Mr. McCARRAN. Will the Senator bear with me for an interruption there?

Mr. FERGUSON. Yes.

Mr. McCARRAN. I doubt very much whether the State of Nevada received a pound.

Mr. FERGUSON. The State of Nevada did not receive a pound.

Mr. McCARRAN. The soil of Nevada is so rich and productive that we do not need any of it.

Mr. FERGUSON. I think some of the fertilizer there should be demonstrated to see whether or not the productivity even of the great State of Nevada could be raised. It would be well worth experimenting along that line, to see whether man could do better than the Lord has done for Nevada.

Mr. AIKEN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from Vermont.

Mr. AIKEN. I was interested to learn that Vermont had all the experimental farms in New England. I do not happen to know where any of them are, but I am sure that the rest of New England looks to Vermont to take the lead in experimental work of this kind. As the Senator well knows, Vermont is the principal dairy State, per capita, of the Union, and I have seen some very interesting crops grown. I do not know whether or not they are under TVA fertilizer, but I am interested to know that Vermont is doing experimental work for the other six New England States, including the great State of Massachusetts, and we will be glad to continue to do that, although I am sure the other States can share in the program if they so desire.

Mr. FERGUSON. I shall now state what was received in the East North Central States, in which the State of Michigan is included. In 1946 they received 2,104 tons. Every State in that section obtained fertilizer. Michigan was able to get 634 tons. They received

more than any other State in that section.

Now let us turn to the West North Central States. In 1946 they received 958 tons. The only two States in that section which received the fertilizer—and there are seven States in the area—were Minnesota, which received 193 tons, and Missouri, which received 765 tons.

Mr. LANGER. How much did North Dakota get?

Mr. FERGUSON. North Dakota did not get a pound.

Mr. LANGER. That is my understanding exactly, and I will tell the Senator why. He mentioned the land-grant colleges. The authorities would not send a pound to North Dakota unless the State of North Dakota paid for it. No appropriation was made by the State for that purpose, and therefore we got none, according to a letter from the president of the land-grant college of North Dakota.

Mr. FERGUSON. The State of North Dakota did not get a pound.

Mr. LANGER. Not a pound.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. All the recipients of this fertilizer paid the transportation. I regret that the Southern States did not get any of the fertilizer. Congress has never appropriated anything to pay for the transportation charges, which meant that the recipients had to pay the freight charge.

Mr. LANGER. That is because this appropriation of \$1,800,000 or more does not include transportation.

Mr. FERGUSON. That is correct.

Mr. McKELLAR. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from Tennessee.

Mr. McKELLAR. If this experimental work is the wonderful thing the Senators from Alabama and New England and States in the West, or some of them, including the Senator from Nevada, seem to think it is, if it is such a wonderful program, if it means so much to the agriculture of the country, and the well-being of the farmer, why have there not been passed bills providing that the Department of Agriculture shall distribute this fertilizer to all farmers? Why confine it to a Government corporation like the TVA, which seems to be trying harder right now to get rid of its money than ever before? Why confine it to the TVA? Why should not the Senator from Vermont, especially, offer an amendment to the agricultural appropriation bill to let his section of the country get some fertilizer free, without cost, without price, without money, get it straight from the Government, not from one of the Government's little corporations? Why not have all Americans treated alike? Why should we treat those in one community different from the way in which we treat those in another?

Mr. AIKEN. It depends upon what communities are sufficiently interested in experimental work to pay the freight and other charges for getting the fertilizer. In answer to the question why the Department of Agriculture does not dis-

tribute the fertilizer in every State, I may say that the extension service is a part of the Department of Agriculture, and the fertilizer is not distributed, as has been stated, by the TVA, it is distributed through the State extension services.

Mr. McKELLAR. It is distributed by the TVA. The Senator must never have looked into it and examined to find how they are working. They might go through the form mentioned, but the TVA handles every single pound of the fertilizer, and I assure the Senator he need not think I am mistaken. He will find, if he takes the time to look into the matter, that every pound of it is distributed by the TVA, and it has motives for doing so.

Mr. FERGUSON. Mr. President, the South Atlantic States—this is, I think, at least interesting—received 16,744 tons of the fertilizer in 1946; 17,046 tons in 1945. I will mention those that did not receive any. The State of Delaware did not receive any at all, the District of Columbia did not receive any, West Virginia did not receive any, and Florida did not receive any. Maryland received 65 tons; Virginia, 5,206 tons; North Carolina, 5,211 tons; South Carolina, 257 tons; Georgia, 6,005 tons. I will now go to the South Central States, including Kentucky.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. COOPER. I merely want to say that I know Kentucky gets quite a bit of fertilizer under this program, and I had hoped the amount would be increased sufficiently to take care of the program. But I am not going to vote to cut the appropriations of other people, in order to try to sustain something that will benefit the people of Kentucky. I am going to vote for the amendment, but I had hoped that would be put in.

Mr. FERGUSON. I list the South Central States at 26,420 tons. That is brought up, I believe, because of 14,240 tons to the State of Tennessee. It then goes down to as low as 151 tons to the State of Louisiana and 191 tons to Oklahoma. Then come the Western States.

Mr. McKELLAR. Mr. President, if the Senator will yield, before he leaves the South Central States, and particularly Tennessee, I should like to say that the fertilizer was used in Tennessee over the earnest and vigorous protest of one of the Senators, the man who happens to be senior Senator from Tennessee. I do not believe any State ought to be built up at the expense of neighboring States. On the contrary, I believe that all the people of the United States, when it comes to affairs of the Federal Government, ought to be treated alike, and I am willing that not a dollar of free fertilizer shall be spent or given as a gratuity by the TVA in my State. I take the responsibility for it. I made the statement during all the years I have been on this floor that I was opposed to any such gratuity coming from the Tennessee Valley Authority, and I stated that it was not created for that purpose; that it was created for the purpose of being fair and just to all the people of the country, and that we did not have any right to use it for the special benefit of our State.

Mr. FERGUSON. Mr. President, I should like to insert in the RECORD the entire table to which I have been referring, showing the fertilizer distributed by TVA under the demonstration program, for the years 1945 and 1946, including the Western States which I have not mentioned.

The PRESIDENT pro tempore. Is there objection? There being no objection, the table was ordered to be printed in the RECORD, as follows:

Direct distribution of fertilizer by Government agencies

State	[Short tons]	
	1945	1946
Maine.....	0	0
New Hampshire.....	0	0
Vermont.....	474	282
Massachusetts.....	0	0
Rhode Island.....	0	0
Connecticut.....	0	0
New England.....	474	282
New York.....	497	397
New Jersey.....	0	0
Pennsylvania.....	0	0
Middle Atlantic.....	497	397
Ohio.....	462	421
Indiana.....	240	233
Illinois.....	269	339
Michigan.....	619	634
Wisconsin.....	537	477
East North Central.....	2,177	2,104
Minnesota.....	178	193
Iowa.....	0	0
Missouri.....	529	765
North Dakota.....	0	0
South Dakota.....	0	0
Nebraska.....	0	0
Kansas.....	0	0
West North Central.....	707	953
Delaware.....	0	0
Maryland.....	144	65
District of Columbia.....	0	0
Virginia.....	6,376	5,206
West Virginia.....	162	0
North Carolina.....	5,587	5,211
South Carolina.....	203	257
Georgia.....	4,074	6,005
Florida.....	0	0
South Atlantic.....	17,046	16,744
Kentucky.....	1,632	2,293
Tennessee.....	7,008	14,240
Alabama.....	4,369	5,900
Mississippi.....	1,898	2,088
Arkansas.....	240	199
Louisiana.....	252	151
Oklahoma.....	120	191
Texas.....	608	1,408
South Central.....	16,807	26,420
Montana.....	0	0
Idaho.....	86	35
Wyoming.....	0	0
Colorado.....	0	0
New Mexico.....	46	70
Arizona.....	0	0
Utah.....	0	0
Nevada.....	0	0
Washington.....	225	224
Oregon.....	160	205
California.....	0	0
Western.....	519	534
United States.....	38,227	47,439

¹ Fiscal year ended June 30.

Mr. McCARRAN. Mr. President, I desire to make a brief statement in reply to my good friend the Senator from Tennessee. I do not regard this program as furnishing a gratuity to any State. The fertilizer produced by experimentation

in one of the greatest plants in the world, maintained at Government expense, must of necessity be tested. As testified to, the program contemplates that groups of farmers shall meet, and that certain of them will volunteer, in a given community, to devote their time, their land, and their energy to carrying out an agricultural program under specific supervision, and to use the particular kinds of fertilizer which shall be furnished to them without charge. In some instances it has been an expensive experiment; in other instances the tests have been productive of great good. If the fertilizers were not given to the farmers for test purposes it would be absolutely essential that the Government, in order to test the commodities, should purchase lands for experimentation. If farmers have lost money in conducting these experiments, then certainly there has been no gratuity. If, on the other hand, the experiments have been productive of better and greater crops in certain sections, then the gratuity, if it should be called one, has been the result of a meritorious program, a meritorious act. I think the idea expressed by my good friend the able Senator from Tennessee, is not apropos of the subject. It is not a gratuity. It is an experiment by the Government of the United States, to which the citizens of the United States lend every effort, individually and collectively.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. McKELLAR. I invite the Senator from Nevada now to visit Tennessee.

Mr. McCARRAN. I accept the invitation.

Mr. McKELLAR. I will pay the Senator's way, in order to be certain about it. I will be perfectly willing to pay the expenses of his trip to Tennessee, in order to show how utterly wrong he is in talking about this being a great good bestowed upon farmers. This is merely a lagniappe, I believe the French call it, a gratuity—something that comes from the Federal Government to some persons in my State, and to some persons in other States. Unfortunately, the State of Nevada did not participate in it, and I do not blame the Senator for feeling a little disgruntled as the result of being left out.

Mr. McCARRAN. No; that is not a correct statement.

Mr. McKELLAR. But that is merely one of the things that may be expected when resort is had to enterprises of this kind.

Mr. McCARRAN. Mr. President, let me say it would not be necessary for my good friend to pay my expenses to Tennessee. The mere invitation would be sufficient inducement for me to go. I should be very happy to go to Tennessee.

Mr. McKELLAR. The invitation is given now. If I can help, I should be glad to take the Senator to Tennessee in my automobile. I will provide him with transportation in whatever way he wants to make the trip—by air, if he desires.

Mr. McCARRAN. Again the Senator lends to the allurements of the trip by saying that I may go with him. That is indeed a great inducement; and I say that seriously. So far as the State of

Nevada getting any of the fertilizer is concerned, we did not want it, and we did not ask for it. Almighty God gave us land so productive that we do not need fertilizers. All we need is a little more water, to enable us to produce within the confines of the State of Nevada sufficient food with which to feed the teeming millions of the world. The Lord has been just a trifle stingy with us in the matter of water. Otherwise, we would produce, and we would not require fertilizer.

Mr. President, there is only one other point I wish to make in conclusion. I would take it from the expressions of my good friend the Senator from Tennessee that he is opposed to the field program. I think he has so expressed himself in committee and on the floor of the Senate. If the expressions of the able Senator from Tennessee are to be read into the appropriation bill, then it is intended to do away entirely with the field program of distributing fertilizer. If that be the intentment—

Mr. McKELLAR. Mr. President, I am not especially familiar with the terms of the bill, but I am afraid it is not the intentment. I wish it were, but I fear it is not.

Mr. McCARRAN. I wish to say that if that be the intentment of the committee, then my amendment is well offered at this time.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN] as modified, to the committee amendment. [Putting the question.] The "noes" appear to have it.

Mr. AIKEN and Mr. McCARRAN asked for a division.

On a division, the amendment, as modified, was rejected.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 2, line 1.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next committee amendment.

The next amendment was, on page 2, line 3, after the word "exceed", to strike out "\$6,686,000" and insert "\$3,000,000."

The amendment was agreed to.

The next amendment was, on page 2, line 4, after the word "plant", to strike out "additions" and insert "Maintenance and replacement"; in line 5, after the amendment last above stated, to strike out the word "purchase"; in line 6, after the words "purchase of", to strike out "221" and insert "100"; and in line 14, after the word "appropriations", to insert a colon and the following proviso: "Provided, That of said unexpended balance, \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams."

The amendment was agreed to.

The next amendment was, under the subhead "Housing Expediter," on page 2, after line 17, to strike out:

Salaries and expenses, Housing expediter: For all expenses, including penalty mail costs, necessary to the liquidation of the Office of the Housing Expediter, which liquidation shall be completed by June 30, 1948, \$3,539,080, of which \$1,900,000 shall be available exclusively for terminal leave.

And in lieu thereof to insert:

Salaries and expenses, Office of Housing Expediter: For all expenses, including penalty mail costs, necessary to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 and to liquidate the functions of the Office of the Housing Expediter performed under Public Law 388, Seventy-ninth Congress, and title I of the Housing and Rent Act of 1947 (which liquidation shall be completed by June 30, 1948), including hire of passenger motor vehicles; services as authorized by section 15 of the act of August 2, 1946 (Public Law 600), but at rates for individuals not in excess of \$35 per diem; and not to exceed \$5,000 for payment of claims pursuant to part 2 of the Federal Tort Claims Act, \$4,714,397, of which \$1,908,000 shall be available exclusively for terminal leave.

The amendment was agreed to.

The next amendment was, under the subhead "National Housing Agency—Office of the Administrator," on page 3, line 20, after the word "Agency," to strike out the colon and the following additional proviso: "Provided further, That, other than for payment of terminal leave, no funds of the constituent units of the National Housing Agency or any other department or agency of the Government shall be available for the use or expenditure of, or the detail of personnel other than the Administrator, to the Office of the Administrator."

The amendment was agreed to.

The next amendment was, under the subhead "Federal Public Housing Authority," on page 4, line 5, after the numerals "1410", to strike out "\$2,200,000" and insert "\$5,700,000"; and in line 23, after the word "Authority", to strike out the colon and the following additional proviso: "Provided further, That no part of this appropriation shall be used to pay more than the annual contribution that otherwise would be due to payable with respect to any public housing agency less an amount equal to one-half the total sum shown on the books of such agency as of March 31, 1947, as working capital reserve, reserve for repairs, maintenance and replacements, reserve for vacancy and collection losses, and all other reserves."

The amendment was agreed to.

The next amendment was, under the heading "Title II—Independent agencies and corporations," on page 7, line 17, after the numerals "1946", to strike out "and."

The amendment was agreed to.

The next amendment was, on page 8, after line 7, to strike out:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the Board of Directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenue) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and not less than 40 percent of the remainder of such net income into the Treasury of the United States as miscellaneous receipts. In the 10-year period ending June 30, 1958, and

in each succeeding 10-year period until the aforesaid total of \$348,239,240 shall have been paid, not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness, shall be so paid. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the Board of Directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed 40 years after the year in which such facilities go into operation.

And in lieu thereof to insert:

Tennessee Valley Authority: Payments of \$2,500,000 (exclusive of interest) of its outstanding indebtedness to the Treasury of the United States, and \$8,000,000 from earnings, shall be paid as miscellaneous receipts into the Treasury of the United States before June 30, 1948.

The amendment was agreed to.

The next amendment was, under the subhead "National Housing Agency," on page 9, line 22, after the word "of," to strike out "\$1,250,000" and insert "\$1,550,000."

The amendment was agreed to.

The next amendment was, on page 11, line 24, after the word "exceed", to strike out "\$3,000,000" and insert "\$3,500,000."

The amendment was agreed to.

The next amendment was, on page 13, at the beginning of line 1, to strike out "\$17,624,000" and insert "\$20,000,000."

The amendment was agreed to.

The next amendment was, on page 14, line 7, after the word "exceed", to strike out "\$2,200,000" and insert "\$2,700,000"; in line 10, after the word "exceed", to strike out "\$10,400,000" and insert "\$13,000,000"; in line 15, after the word "Provided", to strike out "That the number of officers and employees receiving compensation in excess of \$4,500 per annum shall not exceed 20 percent of the total number of officers and employees paid from such funds: *Provided further*"; and on page 15, line 7, after the word "Congress", to insert a colon and the following proviso: "*Provided*, That \$175,000 shall be available for the audit and revision of past accounting records."

The amendment was agreed to.

The next amendment was, on page 15, line 22, after "Defense Homes Corporation", to strike out:

Not to exceed \$3,000 shall be available for payment of terminal leave only. Immediately upon the enactment hereof, the National Housing Administrator shall transfer or cause to be transferred to the Reconstruction Finance Corporation without reimbursement or other consideration all of the capital stock of Defense Homes Corporation, together with the stock certificates evidencing the ownership of such stock. All assets and liabilities of every kind and nature, together with all records, of Defense Homes Corporation are hereby transferred effective July 1, 1947, to the Reconstruction Finance Corporation without reimbursement or other consideration for the purpose of liquidation thereof in an orderly manner. Upon receipt of such stock, the Reconstruction Finance Corporation shall proceed with diligence to liquidate the affairs of the Defense Homes Corporation as soon as practicable, including realization

of the cash value of all its assets and settlement of all its legal liabilities, including the existing indebtedness of Defense Homes Corporation to the Reconstruction Finance Corporation. Any net proceeds thereafter remaining shall be covered into the Treasury in the same manner and in accordance with the same requirements as are applicable for the disposition of net income realized by the Reconstruction Finance Corporation from its operations. Such of the personnel of the Federal Public Housing Authority (not to exceed eight persons) as have been employed primarily on duties relating to the Defense Homes Corporation and are found by the Reconstruction Finance Corporation to be necessary and qualified to assist in the liquidation herein authorized and directed, shall be transferred to the Reconstruction Finance Corporation as of the date requested by it.

The amendment was agreed to.

Mr. McCARRAN. Mr. President, will the able Senator in charge of the bill give us an explanation of the language stricken out beginning on page 15, line 22, and the insertion in lieu thereof of language beginning on page 17?

Mr. FERGUSON. The House provided that this item should be transferred to the RFC for liquidation. The committee was of the opinion that it would be less expensive to liquidate it if it were done in the agency, and provided not to exceed \$12,300 for the purpose of liquidation, and the organization would do it itself. That is all the item provides. It would require about 3 months to conclude the liquidation.

Mr. McCARRAN. That is the question I had in mind. I wonder if in the report or anywhere else there is any suggestion by the committee as to the length of time which would be required for liquidation? My experience has been, if I may say so, Mr. President, that when committees provide certain amounts of money for liquidation purposes those having in charge the liquidation frequently come back the next year for more money, and we find the liquidation still liquid—that it has not been accomplished.

Mr. FERGUSON. And sometimes the agency ordered to be liquidated is functioning more actively than before.

Mr. McCARRAN. That is correct. If the agency is to be liquidated I think it should be liquidated, and I hope the committee made some intimation as to final termination of the liquidation.

Mr. FERGUSON. As the chairman of the subcommittee presenting the matter on the floor understands there are about 12 properties to be disposed of, and there are eight employees now in the employ of the agency, and the amount allowed would operate for about 3 months. They would be compelled to liquidate during that period.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. LANGER. Referring to line 8, on page 15, I desire to ask the distinguished Senator whether the audit there provided for is going to be made by an outside auditing organization or by the Federal Public Housing Authority itself.

Mr. FERGUSON. We have provided that the agency itself shall do the job. Their books are in such shape now, as

indicated from the report of the General Accounting Office, that there should be an overhauling and a revision of their auditing system, and it is provided that the agency itself shall use, out of the appropriated funds, the sum of \$175,000 for such purpose. We want to be sure that they put their books in order. The work is not to be done by an outside auditing agency.

Mr. LANGER. Referring back to the Tennessee Valley Authority, is any provision made anywhere in the bill, or anywhere else that the Senator knows, for audit to be made by an outside auditing firm rather than by the Tennessee Valley Authority itself?

Mr. FERGUSON. I know of nothing in the bill which so provides.

The PRESIDENT pro tempore. The clerk will state the next committee amendment.

The next amendment was on page 17, after line 2, to insert the following:

Not to exceed \$12,300 for the purposes of liquidation, including \$3,000 for payment of terminal leave, shall be available for administrative expenses, which shall be on an accrual basis: *Provided*, That such administrative expenses shall be exclusive of interest paid, depreciation, properly capitalized expenditures, repayment of loans, property operating expenses (including project inventory, charges to surplus and operating reserve, and cost of sales of commodities, services, and property: *Provided further*, That advances of funds made in connection with the operation of housing properties are hereby authorized.

The amendment was agreed to.

The next amendment was, on page 17, after line 13, to insert:

Penalty Mail Costs: For deposit in the general fund of the Treasury for the costs of penalty mail for the National Housing Agency, as required by the Act of June 28, 1944 (Public Law 364), not to exceed \$290,600, said sum to be derived by transfer from the funds available for the administrative expenses of the Office of the Administrator and the constituent units of said Agency: *Provided*, That in no event shall any moneys in excess of the costs of penalty mail allocable, respectively, to said Office of the Administrator and to each of said constituent units be transferred hereunder.

The amendment was agreed to.

The next amendment was, under the subhead "Department of Agriculture," on page 18, line 22, after the word "exceed", to strike out "\$275,000" and insert "\$400,000."

The amendment was agreed to.

The next amendment was, on page 19, line 3, after the word "expenses", to strike out "including the purchase of not to exceed 10 passenger motor vehicles"; and in line 18, after the word "exceed", to strike out "\$125,000" and insert "\$181,250."

The amendment was agreed to.

The next amendment was, on page 19, line 24, after the word "exceed", to strike out "fifteen" and insert "five"; and on page 20, line 9, after the word "exceed", to strike out "\$160,000" and insert "\$232,000."

The amendment was agreed to.

The next amendment was, on page 21, line 2, after the word "exceed", to strike out "\$20,000" and insert "\$29,000."

The amendment was agreed to.

The next amendment was, under the subhead "Department of the Interior," on page 23, after line 2, to insert:

The Virgin Islands Company is authorized to borrow from the Treasury of the United States, for the purpose of carrying out any of the programs of the Company set forth in the budget for the fiscal year 1948, sums of money not to exceed a total of \$500,000. For this purpose the Secretary of the Treasury is authorized and directed to make loans to the Company, out of any funds in the Treasury not otherwise appropriated, on such terms and conditions as the Secretary of the Treasury shall determine. Such loans shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company.

The amendment was agreed to.

The next amendment was, under the heading "Title III—General provisions," on page 27, line 5, after "(Public Law 600)", to strike out the comma and "except that no funds of any corporation or agency included in this act shall be available for payment, to other than a Government agency, for services of an independent audit of the financial records of the offices of any Government corporation or agency unless prior approval is obtained from or such service is directed to be made by the Comptroller General of the United States."

Mr. BYRD. Mr. President, why was the House section stricken out? It apparently would prohibit the use of funds for an independent audit, and require that it be done by the Comptroller General.

Mr. FERGUSON. The committee consulted the General Accounting Office and was advised that the present law provides specifically what is provided in the committee language.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 27, line 5.

The amendment was agreed to.

The PRESIDENT pro tempore. The Clerk will state the next committee amendment.

The next amendment was, on page 30, line 4, after the word "transfer", to insert a colon and the following proviso: "Provided, That in case of disagreement on the part of the head of the Corporation with respect to said value as determined, the Administrator of the Federal Works Agency shall make a final determination of the property value."

The amendment was agreed to.

The next amendment was, on page 30, after line 17, to strike out:

SEC. 307. Section 104 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended to read as follows:

"Sec. 104. The Budget programs transmitted by the President to the Congress shall be considered, and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. Except as provided in such legislation, the provisions of this section shall not be construed as preventing wholly owned Government corporations

from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations, as such authority may be necessary to the execution of an approved Budget program."

The amendment was agreed to.

The next amendment was, on page 31, after line 14, to strike out:

SEC. 308. Section 101 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed-ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home-loan banks, and (3) Federal Deposit Insurance Corporation."

The amendment was agreed to.

The next amendment was, on page 32, line 1, after "Sec.", to strike out "309" and insert "307."

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, yesterday I submitted an amendment on behalf of the Senator from Illinois [Mr. LUCAS], and asked that it be printed and lie on the table. The amendment is to strike out the proviso beginning on page 4, line 19, and ending in line 23. I offer that amendment at this time.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out the proviso beginning on page 4, line 19, and ending in line 23, as follows:

Provided further, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority.

Mr. SPARKMAN. Mr. President, the appropriation of funds for annual contributions to be made by the Federal Public Housing Authority contains a proviso that no part of the appropriation shall be used to pay any public housing agency any contribution in lieu of taxes in excess of the amount specified in the original contract between such agency and the FPHA. As I stated, the amendment was offered on behalf of the Senator from Illinois [Mr. LUCAS]. Unfortunately he had to leave the city, but he prepared a statement, and it is his statement which I now present to the Senate in support of the amendment which I have offered:

In my judgment, this proviso ought to be stricken from the bill.

This proviso is directed toward the relationship between the Federal Government and the local housing agencies which own and operate low-rent housing projects throughout the United States. There are now some 273 of these projects in operation throughout the United States. The issue involved in this proviso is the amount of local

taxes which these projects shall pay to the cities and counties in which they are located.

When the projects were first set up, beginning in 1938, it was recognized that the successful operation of low-rent housing projects depended upon the amount of taxes which the project would have to bear. Under the arrangement between the State governments and the Federal Government, local housing authorities are exempt by law from the payment of local taxes. The payments which they make to the cities and counties is in a sense a voluntary payment of an amount in lieu of taxes. This is an amount specified in the contract between the housing authority and the local government. The amount to be paid must be approved by the Federal Public Housing Authority.

In the beginning stages of the program, no one was sure exactly what amount should be paid in lieu of taxes. As a consequence, the original contracts contained different provisions with respect to taxes. In Illinois, for example, the local housing authority contracts in Granite City, Quincy, Champaign County, Madison County, Rock Island County, and Alexander County call for a payment in lieu of taxes of 2 percent of the amount of shelter rent paid by the tenants; that is to say, 2 percent of the rent minus any payments on account of utility services. In Decatur, the original contract specified a payment of 2½ percent. In the city of Rock Island, St. Clair County, and Winnebago County, the original contracts called for a payment of 3 percent of the net shelter rent. In the cities of Chicago and Peoria, the original contracts called for a 5-percent payment. In the city of Danville the contract called for a flat payment of only \$100 a year, and in Henry County the contract called for a payment of \$165 a year.

The variation in the amounts to be paid was brought about because of the uncertainty as to the amount which could be paid. The important point was to keep these low-rent housing projects operating on the least expensive basis, so that the rents could remain low and serve the beneficial purposes of the acts of Congress, designed to give the lowest income groups in the population adequate housing.

As time went on, it became clear that these public housing authorities were not paying adequately for the services which were being supplied to them by the local government, such as education, fire and police protection, sanitation, etc. Although the United States Housing Act of 1937 requires that the local governments must contribute toward the operation of the low-rent projects, at least 20 percent of the amount contributed by the Federal Government, it is very clear that the cost of the services rendered in most cases was several times the amount of the local contribution. Moreover, the system for payments in lieu of taxes was inequitable as between cities. The cities which had participated first in the program had agreed to accept very small amounts in lieu of taxes, as contrasted with the cities which came in later. As a result of this situation, the Federal Public Housing Authority conducted an extensive study of the whole question of payments in lieu of taxes. Conferences were held with many public bodies, including the National Association of Housing Officials, the Municipal Finance Officers Association, the National Association of Assessing Officers, and the United States Conference of Mayors. As a result of those conferences, it was agreed that the local housing authorities could pay more than the amounts provided for in the original contract, so that at this point practically every housing authority is now paying 10 percent of the net shelter rent.

By this move, each city or county in which a local housing authority existed was receiving the same proportion of the rent as a payment in lieu of taxes. The proviso

in the bill before us requires that no payment in lieu of taxes can be made in excess of the amount specified in the original contract. This would push everything back to the situation which prevailed at the beginning of the program and perpetuate the inequities contained in the original contracts under which some cities paid nothing, and other cities paid various amounts ranging from 2 percent to 5 percent.

Of the 273 projects now in operation, in the case of 153 of them, there is no provision at all in the original contract for payments in lieu of taxes. Others provide specific dollars and cents amounts. Most of them provide for 3 percent.

Thus, in addition to reducing drastically the amounts which the cities and counties are to receive in lieu of taxes, the proviso would perpetuate the inequities as between the various cities and counties. The cities have been relying year by year upon the payment of the 10-percent contribution to support the local government.

Congress has known for 3 years about this arrangement whereby increased amounts were paid to the local government and has not seen fit to change it, but now at this session of the Congress, it is proposed to go back to the old system which was so unfair as between the cities and which would deprive the cities of a fair contribution in exchange for local, municipal, and county services to these projects.

I want now to give an illustration which I think brings out the inequity very sharply.

In the fiscal year 1945, the average operating expense of—

One unit of a local housing authority was (per month).....	\$16.78
The payment in lieu of taxes was.....	1.86
The debt services (interest and amortization) amounted to.....	12.62
Total expense.....	31.26
The rent on the project paid by the tenant per month was.....	25.23
Deficit incurred in operation of that unit for 1 month.....	6.03

The \$6.03 deficit is made up by a contribution of the Federal Government. The contribution of the local government is the difference between the \$1.86 mentioned above and \$7.35, which would be the actual amount of taxes if taxes were assessed on the basis of the value of the property, so that the local government's contribution is \$5.49, as against 6.03 contributed by the Federal Government. This is a contribution by the State government almost equal to the Federal Government's contribution, although the Federal statute requires only a contribution of 20 percent of the deficit in the operation of these projects.

What is proposed now is to further enlarge the amount of the local contribution by reducing the payment in lieu of taxes. This will make the local government's contribution even larger than it was before. This is at a time when the local governments are straining to maintain their services in the face of increased expense of local government. Many localities have complained bitterly that payments in lieu of taxes from the projects have been insufficient to cover the cost of local government services.

If the proviso is sustained, the amount which will be saved by the Government in making annual contributions is in the neighborhood of \$1,500,000. For the sake of saving that amount of money, the Appropriations Committee is apparently prepared to restore an inequitable system of payments among the various local housing authorities and to deprive the local governments of revenue which they desperately need. It is a matter of common knowledge that al-

most every city and county in the country is seeking new sources of revenue, in order to meet the mounting costs of local government for education, fire and police protection, etc. For this Congress to come forward at this time with a reduction in the Federal Government's contribution, particularly when the cities' contribution is now already far in excess of the 20 percent called for by the statute, does not seem to me to be a sound move. It is another instance of an economy-minded Congress throwing discretion overboard for the sake of saving a pitifully small amount.

These low-rent housing projects constitute one of the worth-while contributions of the Federal Government to the health and welfare of the low-income groups of our people. Their continued operation is essential. We must not take any move in this Congress which would impair their efficient operation. I urge the Senate to strike this proviso from the bill.

Before concluding I want to congratulate the subcommittee for having stricken from the House bill the provision in it which would have required the local housing authorities to expend one-half of the sum of their reserves for repairs, maintenance and replacements, reserves for vacancies and collection losses and all other reserves before any Federal contributions could be made. This provision in the House bill is manifestly illegal. It violates the contractual obligations of the Federal Government. The faith of the Government was pledged to the payment of these annual contributions. The provision in the House bill would have seriously jeopardized the soundness of the bonds held in the various projects. I earnestly hope that the conferees on the part of the Senate will insist that the language in the House which has been stricken remain out of the bill as finally enacted.

Mr. PEPPER. Mr. President, I join with the Senator from Alabama in advocating the amendment which he has just offered. The question is somewhat confusing, but I think I have a fairly clear conception of it.

It seems that when the public housing projects were begun, the municipalities where they were established had to put up a minimum of 20-percent contribution in order to get a 20-percent contribution from the Federal Government. Generally speaking, in the inception of this program the municipalities gave their taxes along with certain of their municipal services as their contribution.

Later, in 1937, Congress authorized the United States Housing Authority, or the housing agency which was established under this program, to enter into agreements with the municipalities to pay annually sums in lieu of taxes to any State or political subdivision thereof with respect to any real property owned by the authority.

The amount paid for, in all, cannot exceed the taxes that can be paid to any city or subdivision on such property if it were not tax-exempt. In other words, there was an authority and there was a limitation in the 1937 act. The authority was granted by the Congress for housing authorities in the separate municipalities of the country to pay in lieu of taxes a contribution to the municipalities. But there was a ceiling fixed by the statute on the amount of contribution that the housing authority could make; namely, it could not exceed the amount of the taxes.

Under that program and under the authority of the 1937 act the housing authorities renegotiated the original contracts made between the housing authorities and the several municipalities, trying to put them on a uniform basis. I am told that they were varied in their character and the amounts were very dissimilar. So the housing authority thought that it was in the public interest to have a uniform standard applicable, to all the municipalities of the country, and they agreed upon a contribution of 10 percent of the amount of what would have been the taxes. In other words, they agreed, in substance, to pay the municipalities 10 percent of the taxes which they otherwise might have collected from these authorities.

That is what is being done at present. That is what they have been doing since 1937. That is a practice which is prevalent today all over the country. I think it has been a very good thing in getting uniformity with respect to the municipalities of the country and in the housing program.

The House of Representatives put in the appropriation bill the following proviso:

Provided further, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority.

Mr. President, under the act of 1937, these original contracts have almost uniformly been renegotiated and all the municipalities put on the same level by the Housing Authority paying them 10 percent of what would have been their taxes if they had collected taxes on these public housing authorities. I cannot see anything wrong in that. I cannot see any reason to reverse an administrative policy pursued since 1937 under a statute of the Congress. These municipalities render a great many services to the housing authorities. They furnish them police protection and fire protection, for which they do not make any direct payment. It seems to me that if they want to put in a limitation that the housing agencies cannot pay more than 10 percent of what is called shelter rent—the Housing Authority says it has no objection to that, and that is all they are paying at the present time, an amount not to exceed 10 percent of the rent for the use of houses derived from the occupants of those houses—there could be no objection. But the House committee and the Senate committee seek to outlaw all these new contracts and understandings worked out on the principle of uniformity by the various municipalities. It seems to me it is only fair to allow something to those municipalities. Remember, they still have to put up 20 percent and, in addition to that, the difference between 100 percent and 10 percent. In other words, all that the housing authorities are permitted to give under the present rule is 10 percent of what the taxes would have been if the municipality were to collect the taxes.

I think it is not fair to the municipalities, and I do not think it is proper that the Appropriations Committee should reverse a statutory policy which has been embodied in an administrative policy and in new contracts which have been renegotiated all over the country.

So I hope that the amendment offered for the Senator from Illinois [Mr. LUCAS] by the Senator from Alabama [Mr. SPARKMAN] will be agreed to.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. COOPER. Mr. President, I should like to read a telegram which I have received from Hon. Leland Taylor, mayor of the city of Louisville, and Mr. Paul Downard, president of the board, regarding the situation respecting the city of Louisville, which does not seem to be covered by the proviso in the pending bill. The telegram reads as follows:

HON. JOHN SHERMAN COOPER,
Washington, D. C.:

Government corporations appropriation bill as reported by committee denies the right of local housing authorities to make payments in lieu of taxes except where said payments were provided in original contract. Louisville and many other cities have no contract provision of this sort. Louisville commission has paid city 10 percent of gross shelter rents in lieu of taxes with approval of Federal Public Housing Authority for several years. City has right to it because of extra services rendered over and above their 20 percent contribution required by law and met by projects free from city taxes. City will stand to lose approximately \$65,000 * * *

Government could by this means force on local communities the entire expense of the necessary city services to the projects when they have already taken on much more than they are required to do by providing tax exemptions.

LELAND TAYLOR,
Mayor.
PAUL DOWNARD,
President of Board.

The proviso states that no part of the appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract.

As is stated in the telegram, Louisville and perhaps other cities do not have contracts with such a provision in them. Is it the opinion of the Senator from Michigan that in cities in which there are no such contracts with the Federal Public Housing Authority, arrangements can be made for making payments in lieu of taxes?

Mr. FERGUSON. Mr. President, in answer to the telegram and in answer to the able Senator from Kentucky, I would say that this section would not apply. It is to apply only where an attempt has been made to change the original contract between the agency and the Federal Housing Authority.

Mr. COOPER. Mr. President, is it the Senator's opinion that the purpose of the proviso is only to prevent the payment of a sum in excess of that provided in the original contract, and for no other purpose?

Mr. FERGUSON. For no other purpose than to prevent the payment of more than the amount provided in the original contract.

Mr. COOPER. I should like to point out that if no provision is made for those cities in which there are no contracts, it would seem to me that the provision in the bill is discriminatory, because it will permit the continuance of payments in such cities having contracts, limited only by the provision that such payments cannot exceed the amount fixed in the original contract, while it will eliminate altogether the possibility of payment where no contracts are in force. Unless the Senator is entirely clear about this, I think the proviso presents a dangerous situation for those cities where no contract existed.

Mr. FERGUSON. I am clear in the statement which I have made that it would not apply unless they attempted to change the original contract between the agency and the Federal Housing Authority.

I should like to say to the Senate that local authorities undertook to make certain contributions, and were to take in lieu of taxes some small amount of money. The purpose of doing that was to contribute to welfare housing. The Federal Government said to those cities, in effect, "If you will contribute something to shelter housing the Federal Government will contribute something to shelter housing," and therefore provided that certain contributions should be made. This is what happened. After the cities agreed to make their contributions—and I shall take one city as an example to show what happened, namely, the city of Austin, Tex.—they made an agreement that the taxes of the housing authority agency would be \$487. It was perfectly proper and perfectly correct to make a contribution by reducing the amount of payment in lieu of taxes. The Federal Public Housing Authority got in touch with the city of Austin, Tex. The Authority is satisfied. The city is satisfied. But the Santa Claus in Washington got in touch with them and said, "Why don't you change that, and add \$6,000 more, because it will come out of Washington?" That is exactly what they did, Mr. President. The testimony appears on pages 215 and 216 of the hearings.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. PEPPER. Will the Senator be kind enough to state when the United States Housing Authority got in touch with the organization in Austin, Tex., to have it vary the contract?

Mr. FERGUSON. The testimony does not show, but it appears that it was long after the housing was erected, because the witness was talking about a period of 7 or 8 years.

Mr. PEPPER. Will the Senator give us the benefit of his judgment as to whether it was before or after 1937?

Mr. FERGUSON. My judgment is that it was after 1937, judging from the way they spoke.

Mr. PEPPER. Mr. President, if the Senator will further yield, let me say that is the whole point. They were doing that pursuant to the act of Congress enacted in 1937, which gave them the right to enter into those agreements, in accordance with section 13 (c) of the Housing Act of 1937, as amended. It

provides that the Authority may enter into agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof with respect to any real property owned by the Authority, but the limitation upon their power was that they could not agree to pay more than the equivalent of the taxes.

But now the Senator from Michigan proposes to undo, if I may say so, a second agreement that was lawfully entered into between the municipality and the Government of the United States. Why do we have to upset that agreement, Mr. President?

Mr. FERGUSON. Mr. President, I speak from memory when I say that the act creating the Public Housing Authority, which is involved in this section, was not enacted until 1937. I think that act was Public Law 412, at that time. But if there ever were cases in which there were attempts to take money from the Federal Treasury, these particular cases fall in that category. There is no rhyme or reason why every city should contribute an equal amount to the welfare housing of its citizens. The proposition is that they should contribute what they can afford to contribute. All of us know that today the cities and the States of this Nation are better off financially than the Federal Government is, because the Federal Government has been fighting a war and the Federal Government has had a bureaucracy which has cost billions of dollars.

But in this case again we are trying to take money from the Federal Government and make a contribution to welfare housing, when the cities under their own contracts agreed with the agencies that they would make certain contributions.

I say we should sustain what the committee has placed in the bill, and we should not provide for an alteration or change of these contracts so that they will cost the Federal Government millions of dollars. If we permit that to be done, there is no reason why the Federal Housing Agency should not pay 20 percent or 30 percent of the shelter in lieu of rent. Mr. President, we should abide by the original contracts, and we should ask the persons who were parties to them to abide by their contracts.

Mr. PEPPER. Mr. President, will the Senator yield to me once more?

Mr. FERGUSON. I yield.

Mr. PEPPER. The able Senator from Michigan says the same rule should not be applied to all municipalities. But I ask the Senator if the contrary is not to be found in the law, which requires every municipality to make a contribution of 20 percent before it can obtain the Federal contribution of 20 percent? In that law we laid down a uniform standard; but according to the argument of the Senator from Michigan, each municipality will put up whatever someone finds it able to pay, in order to receive the Federal contribution.

Mr. FERGUSON. But, Mr. President, there is nothing in the law providing that they cannot contribute more than 20 percent if they wish to do so. Why should we maintain uniformity, when the cities have wished to make the contributions because they wished to have the agencies?

Mr. President, I ask for a vote on the amendment.

Mr. PEPPER. Mr. President, it is often said, and I suspect that it may have been the view of the able Senator from Michigan, that we should lay down rules as uniform as possible. I suggest to the able Senator that it would be the equivalent of the present practice if we were to insert a provision limiting the Housing Authority to paying 20 percent of the shelter in lieu of rent. That is what we are doing at the present time.

But the administrative agency has been trying to establish a uniform policy. The original Authority made all kinds of agreements, whatever it could work out with any municipality, in the first place. The later Authorities saw the wisdom and the fairness of having uniform rules, and they acted pursuant to a statute passed by the Congress.

I submit that we should not now, in an appropriation bill, reverse a legislative policy which was laid down by the Congress in 1937, and was followed as a policy by the administrative agencies ever since 1937.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Alabama [Mr. SPARKMAN] in behalf of the Senator from Illinois [Mr. LUCAS]. (Putting the question.)

Mr. HILL. Mr. President, I ask for a division.

The Senate proceeded to divide.

Mr. PEPPER. Mr. President, I ask for the yeas and nays.

Mr. TAFT. Mr. President, a point of order.

The PRESIDENT pro tempore. The Chair thinks the Senator from Florida requested the yeas and nays before the Chair announced the result of the division, although the Chair was about to announce it.

Is there a sufficient second to the request for the yeas and nays?

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Delaware [Mr. BUCK] and the Senator from Indiana [Mr. CAPEHART] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

The Senator from Kansas [Mr. REED], who is unavoidably detained, has a general pair with the Senator from New York [Mr. WAGNER].

The Senator from Iowa [Mr. WILSON] is detained on official business.

Mr. HATCH. I announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Maryland [Mr. O'CONNOR], the Senator from Texas [Mr. O'DANIEL], the Senator from Tennessee [Mr. STEWART], and the Senator from Oklahoma [Mr. THOMAS] are necessarily absent.

The Senator from Illinois [Mr. LUCAS], and the Senator from Virginia [Mr. ROBERTSON] are absent on public business.

The Senator from New York [Mr. WAGNER], who is necessarily absent, has a general pair with the Senator from Kansas [Mr. REED.]

If present and voting, the Senator from Illinois [Mr. LUCAS] would vote "yea."

The result was announced—yeas 33, nays 49, as follows:

YEAS—33

Chavez	Holland	Maybank
Connally	Johnson, Colo.	Morse
Cooper	Johnston, S. C.	Murray
Downey	Kilgore	Myers
Ellender	Langer	O'Mahoney
Fulbright	McCarran	Pepper
Green	McClellan	Sparkman
Hatch	McFarland	Taylor
Hayden	McGrath	Thomas, Utah
Hill	McMahon	Tydings
Hoey	Magnuson	Umstead

NAYS—49

Aiken	Ferguson	Overton
Baldwin	Flanders	Revercomb
Ball	George	Robertson, Wyo.
Brewster	Gurney	Russell
Bricker	Hawkes	Saltonstall
Bridges	Hickenlooper	Smith
Brooks	Ives	Taft
Bushfield	Jenner	Thye
Butler	Kem	Vandenberg
Byrd	Knowland	Watkins
Cain	Lodge	Wherry
Capper	McCarthy	White
Cordon	McKellar	Wiley
Donnell	Malone	Williams
Dworshak	Martin	Young
Eastland	Millikin	
Ecton	Moore	

NOT VOTING—13

Barkley	O'Daniel	Tobey
Buck	Reed	Wagner
Capehart	Robertson, Va.	Wilson
Lucas	Stewart	
O'Connor	Thomas, Okla.	

So the amendment submitted by Mr. SPARKMAN on behalf of Mr. LUCAS was rejected.

Mr. LANGER. Mr. President, I call the attention of the Senator from Michigan to page 23, line 18, the item of Federal Prison Industries, Inc.

Mr. FERGUSON. Does the Senator have a specific question?

Mr. LANGER. Yes; I want to know whether this is a private institution, who composes it, who runs it, and why we should appropriate nearly a quarter of a million dollars for it.

Mr. FERGUSON. The Department of Justice operates the Federal Prison Industries as a Government corporation.

Mr. LANGER. Do they sell and buy products?

Mr. FERGUSON. Yes, they manufacture products in the prison and sell them, but not in competition with private industry. As I understand, they try to have manufactured in the prison only those articles which will not be in competition with any interstate commerce shipments.

Mr. LANGER. What do they manufacture?

Mr. FERGUSON. They manufacture certain things which are used by the Federal Government.

Mr. LANGER. What are they?

Mr. FERGUSON. I think some license plates, brooms, mops, and different things of the kind. I would not care to attempt to state what all the articles are, but it is a general manufacturing business, making small articles of utility.

Mr. AIKEN. Mr. President, the Federal Prison Industries is also employed to give useful training to the inmates of the prison so that when they go out they may have trades they may follow on the outside. As the Senator from

Michigan said, they manufacture things which are used in the institution, or in other institutions, but not to enter into competition with private industry.

Mr. LANGER. Who is the president of it?

Mr. AIKEN. It is under the charge of the Attorney General, I believe. The Comptroller General has made a recent report on Prison Industries and has made some suggestions for improving their accounting service.

Mr. FERGUSON. This is not an appropriation; it is a limitation.

The PRESIDENT pro tempore. Are there further amendments to be offered to the bill? If not, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 3756) was read the third time and passed.

Mr. FERGUSON. Mr. President, I move that the Senate insist on its amendments and ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. FERGUSON, Mr. REED, Mr. WHERRY, Mr. SALTONSTALL, Mr. MCKELLAR, Mr. OVERTON, and Mr. RUSSELL conferees on the part of the Senate.

Mr. BYRD. Mr. President, I ask unanimous consent to insert in the body of the RECORD at this point a statement with respect to the bill which has just been passed.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

1. The Corporation Control Act of 1945 was enacted by Congress to establish uniform control over Government corporations. This control was to be accomplished through improved budgeting procedure on one hand and through business-type audits on the other.

2. Obviously, it is impossible to achieve the purposes of the act if corporation budgets are not considered in the same appropriation bill. The very nature of the Government's corporations makes this true, because they are so interrelated. The pending bill is notable for both omissions and inclusions. Among others, it omits three major agricultural corporations, and the RFC. It includes at least three noncorporate agencies.

Corporations omitted include: Commodity Credit Corporation; Federal Crop Insurance Corporation; Farmers' Home Administration, which was established as a corporation, but never has functioned as such; Reconstruction Finance Corporation, and its subsidiaries.

Noncorporate agencies included are: Housing Expediter, Office of National Housing Administrator, Federal Public Housing Authority.

3. It appears from what can be learned that these omissions, with the exception of RFC, and the inclusions, were arbitrary with the House Appropriations Committee which decided that, exclusive of the RFC, those corporations omitted were so closely interwoven with noncorporate functions they should not be included, and that the functions of the noncorporate agencies were of a nature to include them along with the corporations.

It is conceded that they may be some grounds for such a point of view. However, it was the purpose of the Control Act, which

is basic, statutory law, to provide control over corporations by uniform budgeting and auditing. It is obvious that uniform budget control can not be at its best except under consideration at the same time, in the same place, and in proper relationship. Also, if corporate agencies are so closely interwoven with noncorporate agencies, it would appear that they should not be corporations and vice versa.

Of course RFC and its subsidiaries were omitted from the bill as it was considered by the House committee because at that time the bill extending RFC had not been passed. However, it was passed when the bill reached the Senate, and it would have been good legislation for the Senate committee to have included RFC in this bill by committee amendment. As it is now pending before the Senate the bill omits the Government's corporate giants, namely, the RFC, and its subsidiaries, the Commodity Credit Corporation and the Federal Crop Insurance Corporation. These are the corporations which most vitally need budgetary control, and many other corporations in and out of the bill are interrelated by funds, interlocking directorates, etc., with the very corporations which are omitted. So far as the kind of budget control contemplated by the Corporation Control Act is concerned, the pending bill is a failure.

3. The blame does not lie with the Senate Appropriations Committee, except to the extent that RFC might have been included, but the situation demonstrates the necessity of providing for more adequate consideration in the future.

4. This is especially true in view of the provisions of the Corporation Control Act which require all Federal corporations to have a Federal charter by June 30, 1948. This means that probably as many as a dozen corporations will have to come to Congress for new charters within the current fiscal year. Unless action is taken in time, the Appropriations Committees will be in a situation next year which will cause a repetition of many of their difficulties this year. Certainly the situation will be similar to that created this year with respect to RFC. Appropriations Committees will be ready to consider corporation budgets, but Congress will not have acted to determine which of the corporations having State charters are to be reincorporated under Federal charters.

Anticipating such a situation, and in view of the situation with respect to corporations generally, which is not improved, attention of the Senate and particularly of the Banking and Currency Committee and the Appropriations Committee is invited to Senate Resolution 138, the text of which follows:

"Whereas a number of corporations which have been created under State law are wholly owned by the Government of the United States; and

"Whereas the provisions of the Government Corporation Control Act require the liquidation, on or before June 30, 1948, of all wholly owned Government corporations which have not prior to such date been incorporated by act of Congress; and

"Whereas as a result of such requirement, the Congress will be called upon during the second regular session of the Eightieth Congress to examine into the purposes and activities of those corporations in order to ascertain whether any of them should be chartered by act of Congress and continued, whether any of them should be merged with other Government corporations, whether any or all of their activities should be transferred to other Government agencies, or whether they should be dissolved and liquidated; and

"Whereas certain of these corporations or their functions are related to or dependent upon the Reconstruction Finance Corporation or its functions; and

"Whereas the Committee on Banking and Currency has proposed to make a comprehensive study of the operations of the Re-

construction Finance Corporation, and its subsidiaries, for the purpose of determining whether its extension beyond June 30, 1948, is desirable: Therefore be it

"Resolved, That the Committee on Banking and Currency is authorized and directed to make a full and complete study of the operations of all wholly owned Government corporations with a view to ascertaining (1) which corporations should be chartered by Congress; (2) which corporations or activities thereof, should be merged or consolidated in the interests of efficiency and economy; and (3) which corporations should be dissolved and liquidated. The committee shall report to the Senate not later than March 1, 1948, the results of its study together with such recommendations as to necessary legislation as it deems desirable."

This resolution was referred to the Committee on Banking and Currency because it already has the biggest corporation under review, but the Appropriations Committee, and especially the Subcommittee on Corporation Appropriations will recognize its interests in this matter.

It is hoped that the Banking and Currency Committee will report this resolution immediately and favorably, and that the Senate will pass it before adjournment. The sponsor would be pleased by amendment or otherwise to have members of the Appropriations Committee or its staff to sit in on the investigation, at least in an ex-officio capacity.

It is believed that much better appropriation legislation for the corporations will result from such a study, and that the resolution will have other desirable results in addition.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 240) making temporary appropriations for the fiscal year 1948.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 179. An act for the relief of Maj. Ralph M. Rowley and First Lt. Irving E. Sheffel;

S. 403. An act authorizing the issuance of a patent in fee to Gideon Peon;

S. 484. An act to authorize and direct the Secretary of the Interior to issue to Joseph J. Pickett a patent in fee to certain land;

S. 558. An act for the relief of the alien Michael Soldo;

S. 880. An act for the relief of Rev. John C. Young;

S. 924. An act to credit active service in the military or naval forces of the United States in determining eligibility for and the amount of benefits from the policemen and firemen's relief fund, District of Columbia;

S. 1360. An act for the relief of Eric Seddon;

S. 1402. An act to authorize the parishes and congregations of the Protestant Episcopal Church in the District of Columbia to establish bylaws governing the election of their vestrymen;

S. 1462. An act to authorize the official reporters of the municipal court for the District of Columbia to collect fees for transcripts, and for other purposes; and

H. J. Res. 240. Joint resolution making temporary appropriations for the fiscal year 1948.

THE CALENDAR

The PRESIDENT pro tempore. Under the order of the Senate, the Senate will now proceed to the call of the calen-

dar for the consideration of measures to which there is no objection, beginning with Calendar No. 435, Senate bill 999, which will be stated.

BILLS PASSED OVER

The bill (S. 999), to amend the Veterans' Preference Act of 1944 with respect to preference accorded in Federal employment to disabled veterans, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over!

The PRESIDENT pro tempore. The bill will be passed over.

Mr. TYDINGS. Mr. President, I have not had a chance to look at the calendar, and I should like to inquire if this is a bill giving preference to the widowed mother of a deceased veteran in acquiring a position with the United States Government.

Mr. TAFT. I think not. I think there is another bill on the calendar for that purpose.

Mr. HATCH. Mr. President, I inquire what date the calendar was last called.

The PRESIDENT pro tempore. July 3, 1947.

Mr. MAGNUSON. Mr. President, what is the order of business now being called?

The PRESIDENT pro tempore. We have now reached order No. 436, Senate bill 1028.

Mr. MAGNUSON. What happened to order No. 435, may I inquire?

The PRESIDENT pro tempore. It was passed over, on objection.

The bill (S. 1028) to amend the Natural Gas Act approved June 21, 1938, as amended, was announced as next in order.

Mr. MAGNUSON. Over.

Mr. MOORE. Mr. President, will the Senator from Washington withhold his objection? That is the same as order No. 465, House bill 2956.

Mr. MAGNUSON. I withdraw my objection. I thought it was the original bill.

Mr. MOORE. No; that is not on the calendar. This is the same as Calendar No. 465.

Mr. MAGNUSON. Mr. President, I ask permission to withdraw my objection.

Mr. OVERTON. May we have an explanation of the bill?

Mr. MOORE. The bill provides for the exercise of eminent domain by States that do not have the power of eminent domain, so far as it affects interstate gas.

Mr. HATCH. Mr. President, it is impossible to hear.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. HATCH. Was I correct in understanding the Senator from Oklahoma to say that this provides for the exercise of eminent domain by the States?

Mr. MOORE. No, no. It provides for the exercise of eminent domain, under the amendment of the Natural Gas Act, where it does not now obtain, because in certain States, under their constitutions and statutes, no power of eminent domain is granted except to public service companies who serve the State.

SEVERAL SENATORS. Over!

80TH CONGRESS
1ST SESSION

H. R. 3756

H. R. 3756

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 1947

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1948, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16
10 U. S. C., ch. 12A), ~~(1)\$22,143,500~~ \$13,117,521,

1 ~~(2)~~including not to exceed \$3,253,979 for the construction
 2 of South Holston Dam and Watauga Dam and including
 3 not to exceed ~~(3)~~\$6,686,000 \$3,000,000 for chemical
 4 plant ~~(4)~~additions maintenance and replacement; ~~(5)~~pur-
 5 chase, hire, maintenance, repair, and operation of aircraft,
 6 and the purchase of ~~(6)~~two hundred and twenty-one
 7 one hundred and hire of passenger motor vehicles;
 8 penalty mail (not to exceed \$20,000), together with
 9 the unexpended balance of funds heretofore appro-
 10 priated (the unobligated portion of such unexpended
 11 balance to be expended only for public works commenced
 12 prior to July 1, 1947), to remain available until expended,
 13 and to be available for the payment of obligations chargeable
 14 against prior appropriations ~~(7)~~: *Provided, That of said un-*
 15 *expended balance, \$12,000,000 is to be available for the con-*
 16 *struction of the Watauga and South Holston Dams.*

HOUSING EXPEDITER

18 ~~(8)~~Salaries and expenses, Housing expediter: For all
 19 expenses, including penalty-mail costs, necessary to the
 20 liquidation of the Office of the Housing Expediter, which
 21 liquidation shall be completed by June 30, 1948, \$3,539,080,
 22 of which \$1,000,000 shall be available exclusively for ter-
 23 minal leave.

24 *Salaries and expenses, Office of the Housing Expediter:*
 25 *For all expenses, including penalty mail costs, necessary to*

1 enable the Housing Expediter to perform his functions pur-
 2 suant to title I of the Housing and Rent Act of 1947 and to
 3 liquidate the functions of the Office of the Housing Expediter
 4 performed under Public Law 388, Seventy-ninth Congress,
 5 and title I of the Housing and Rent Act of 1947 (which
 6 liquidation shall be completed by June 30, 1948), including
 7 hire of passenger motor vehicles; services as authorized by
 8 section 15 of the Act of August 2, 1946 (Public Law 600),
 9 but at rates for individuals not in excess of \$35 per diem;
 10 and not to exceed \$5,000 for payment of claims pursuant to
 11 part 2 of the Federal Tort Claims Act, \$4,714,397, of which
 12 \$1,908,000 shall be available exclusively for terminal leave.

13 NATIONAL HOUSING AGENCY

14 OFFICE OF THE ADMINISTRATOR

15 Salaries and expenses, Office of the Administrator,
 16 \$100,000, including cost of penalty mail: *Provided*, That the
 17 cost of terminal leave of any personnel of the Office of the
 18 Administrator shall be paid out of funds available for admin-
 19 istrative expenses to the constituent units of the National
 20 Housing Agency (9): ~~*Provided further*, That, other than~~
 21 ~~for payment of terminal leave, no funds of the constituent~~
 22 ~~units of the National Housing Agency or any other depart-~~
 23 ~~ment or agency of the Government shall be available for~~
 24 ~~the use or expenditure of, or the detail of personnel other~~
 25 ~~than the Administrator, to the Office of the Administrator.~~

1 FEDERAL PUBLIC HOUSING AUTHORITY

2 Annual contributions: For the payment of annual con-
3 tributions to public housing agencies in accordance with
4 section 10 of the United States Housing Act of 1937, as
5 amended (42 U. S. C. 1410), ~~(10)\$2,200,000~~ \$5,700,000:
6 *Provided*, That except for payments required on contracts
7 entered into prior to April 18, 1940, no part of this appro-
8 priation shall be available for payment to any public housing
9 agency for expenditure in connection with any low-rent hous-
10 ing project, unless the public housing agency shall have
11 adopted regulations prohibiting as a tenant of any such project
12 by rental or occupancy any person other than a citizen of the
13 United States, but such prohibition shall not be applicable in
14 the case of a family of any serviceman or the family of any
15 veteran who has been discharged (other than dishonorable)
16 from, or the family of any serviceman who died in, the
17 armed forces of the United States within four years prior
18 to the date of application for admission to such housing:
19 *Provided further*, That no part of this appropriation shall
20 be used to pay any public housing agency any contribution
21 occasioned by payments in lieu of taxes in excess of the
22 amount specified in the original contract between such agency
23 and the Federal Public Housing Authority ~~(11):~~ *Provided*
24 *further*, That no part of this appropriation shall be used to
25 pay more than the annual contribution that otherwise

1 would be due or payable with respect to any public housing
2 agency less an amount equal to one-half the total sum shown
3 on the books of such agency as of March 31, 1947, as
4 working capital reserve, reserve for repairs, maintenance and
5 replacements, reserve for vacancy and collection losses, and
6 all other reserves: *Provided further*, That all expenditures
7 of this appropriation shall be subject to audit and final settle-
8 ment by the Comptroller General of the United States under
9 the provisions of the Budget and Accounting Act of 1921,
10 as amended.

11 DEPARTMENT OF STATE

12 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

13 For the payment of obligations incurred under the con-
14 tract authorization of \$18,000,000 under the head "Office
15 of the Coordinator of Inter-American Affairs" in the Na-
16 tional War Agencies Appropriation Act, 1944, \$7,000,000:
17 *Provided*, That this appropriation shall be available only
18 for completion of programs heretofore inaugurated and for
19 the liquidation of The Institute of Inter-American Affairs.

20 INTER-AMERICAN EDUCATIONAL FOUNDATION,

21 INCORPORATED

22 For the payment of obligations incurred under the con-
23 tract authorization of \$2,500,000 under the head "Office
24 of the Coordinator of Inter-American Affairs" in the Na-
25 tional War Agency Appropriation Act, 1945, \$1,115,000:

1 *Provided*, That this appropriation shall be available only
2 for completion of programs heretofore inaugurated and for
3 the liquidation of the Inter-American Educational Founda-
4 tion, Incorporated.

5 TITLE II

6 The following corporations and agencies, respectively,
7 are hereby authorized to make such expenditures, within the
8 limits of funds and borrowing authority available to each
9 such corporation or agency and in accord with law, and to
10 make such contracts and commitments without regard to
11 fiscal year limitations as provided by section 104 of the
12 Government Corporation Control Act, as may be necessary
13 in carrying out the programs set forth in the Budget for the
14 fiscal year 1948 for each such corporation or agency, except
15 as hereinafter provided:

16 INDEPENDENT AGENCIES AND CORPORATIONS

17 Export-Import Bank of Washington: Not to exceed
18 \$800,000 (to be on an accrual basis) of the funds of the
19 Export-Import Bank of Washington shall be available during
20 the fiscal year 1948 for all administrative expenses of the
21 Bank, including not to exceed \$100 for periodicals, \$200 for
22 newspapers, and \$200 for maps; health service program as
23 authorized by the Act of August 8, 1946 (Public Law 658),
24 and not to exceed \$24,000 for temporary services, as author-
25 ized by section 15 of the Act of August 2, 1946 (Public

1 Law 600) : *Provided further*, That necessary expenses (in-
2 cluding special services performed on a contract or fee basis,
3 but not including other personal services) in connection with
4 the acquisition, operation, maintenance, improvement, or dis-
5 position of any real or personal property belong to the Bank
6 or in which it has an interest, including expenses of collec-
7 tions of pledged collateral, or the investigation or appraisal
8 of any property in respect to which an application for a loan
9 has been made, shall be considered as nonadministrative
10 expenses for the purposes hereof.

11 Panama Railroad Company: Not to exceed \$750,000
12 (to be computed on an accrual basis) of the funds of the
13 Company shall be available during the fiscal year 1948 for
14 its administrative expenses, including administrative services
15 performed for the Company by other Government agencies,
16 which shall be determined in accordance with the Company's
17 prescribed accounting system in effect on July 1, 1946,
18 (12)and and shall be exclusive of depreciation, payment of
19 claims, contributions to employees retirement system,
20 expenditures which the Company's prescribed accounting
21 system requires to be capitalized or charged to cost of com-
22 modities acquired, and expenses in connection with acqui-
23 sition, construction, operation, maintenance, improvement,
24 protection, and disposition of facilities and other property
25 belonging to the Company or in which it has an interest.

Tennessee Valley Associated Cooperatives, Inc.: Not to exceed \$2,500 shall be available for administrative expenses related to liquidation: *Provided*, That appropriate steps shall be taken to secure the final dissolution and liquidation of the Corporation at the earliest practicable date and such dissolution and liquidation shall be under the supervision and direction of the Secretary of the Treasury.

(13) Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and not less than 40 per centum of the remainder of such net income into the Treasury of the United States as miscellaneous receipts. In the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the afore-said total of \$348,239,240 shall have been paid, not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebted-

1 ness, shall be so paid. Total payments of not less than
 2 \$10,500,000 shall be made not later than June 30, 1948.

3 Amounts equal to the total of all appropriations herein
 4 and hereafter made to the Tennessee Valley Authority for
 5 power facilities shall be paid by the board of directors thereof,
 6 in addition to the total of \$348,239,240 specified in the
 7 foregoing paragraph, to the Treasury of the United States
 8 as miscellaneous receipts, such payments to be amortized
 9 over a period of not to exceed forty years after the year in
 10 which such facilities go into operation.

11 *Tennessee Valley Authority: Payments of \$2,500,000*
 12 *(exclusive of interest) of its outstanding indebtedness to the*
 13 *Treasury of the United States, and \$8,000,000 from earn-*
 14 *ings, shall be paid as miscellaneous receipts into the Treas-*
 15 *ury of the United States before June 30, 1948.*

16 None of the power revenues of the Tennessee Valley Au-
 17 thority shall be used for the construction of new power pro-
 18 ducing projects (except for replacement purposes) unless
 19 and until approved by Act of Congress.

20 NATIONAL HOUSING AGENCY

21 Federal Home Loan Bank Administration: Not to ex-
 22 ceed a total of ~~(14)\$1,250,000~~ \$1,550,000 to be derived from
 23 the special deposit account established under the provisions
 24 under the head "Federal Home Loan Bank Administration"

1 in the Independent Offices Appropriation Act, 1944, and from
2 receipts of the Federal Home Loan Bank Administration or
3 the Federal Home Loan Bank Board for the fiscal year 1948
4 and prior fiscal years, shall be available during the fiscal
5 year 1948 for administrative expenses of the Federal Home
6 Loan Bank Administration (Executive Order 9070 of Feb-
7 ruary 24, 1942), including health service program as au-
8 thorized by the Act of August 8, 1946 (Public Law
9 658): *Provided*, That all necessary expenses in connec-
10 tion with the conservatorship of institutions insured by the
11 Federal Savings and Loan Insurance Corporation and
12 all necessary expenses (including services performed on a
13 contract or fee basis, but not including other personal
14 services) in connection with the handling, including the
15 purchase, sale, and exchange, of securities on behalf of
16 Federal Home Loan banks, and the sale, issuance, and retire-
17 ment of, or payment of interest on, debentures or bonds,
18 under the Federal Home Loan Bank Act, as amended, shall
19 be considered as nonadministrative expenses for the purposes
20 hereof: *Provided further*, That notwithstanding any other
21 provisions of this Act, except for the limitation in amount
22 hereinbefore specified, the administrative expenses and other
23 obligations of the Administration shall be incurred, allowed,
24 and paid in accordance with the provisions of the Federal

1 Home Loan Bank Act of July 22, 1932, as amended (12
2 U. S. C. 1421-1449).

3 Federal Savings and Loan Insurance Corporation: Not
4 to exceed \$532,000 shall be available for administrative ex-
5 penses, including health service program as authorized by
6 the Act of August 8, 1946 (Public Law 658), and the use
7 of services and facilities of the Federal Home Loan banks,
8 Federal Reserve banks, and agencies of the Government,
9 including the Federal Home Loan Bank Administration and
10 the Home Owners' Loan Corporation, which shall be on an
11 accrual basis and shall be exclusive of interest paid, deprecia-
12 tion, properly capitalized expenditures, and expenses in con-
13 nection with liquidation of insured institutions, liquidation
14 or handling of assets of or derived from insured institutions,
15 payment of insurance, and action for or toward the avoidance,
16 termination, or minimizing of losses in the case of specific
17 insured institutions: *Provided*, That notwithstanding any
18 other provisions of this Act, except for the limitation in
19 amount hereinbefore specified, the administrative expenses
20 and other obligations of said Corporation shall be incurred,
21 allowed, and paid in accordance with title IV of the Act of
22 June 27, 1934, as amended (12 U. S. C. 1724-1730).

23 Home Owners' Loan Corporation: Not to exceed
24 (15) ~~\$3,000,000~~ \$3,500,000 shall be available for adminis-
25 trative expenses, including health service program as author-

1 ized by the Act of August 8, 1946 (Public Law 658), and
2 the use of services and facilities of the Federal Home Loan
3 banks, Federal Reserve banks, and agencies of the Govern-
4 ment, including the Federal Home Loan Bank Administra-
5 tion and the Federal Savings and Loan Insurance Corpora-
6 tion, which shall be on an accrual basis and shall be exclusive
7 of interest paid, depreciation, properly capitalized expendi-
8 tures, expenses (including services performed on a force
9 account, contract, or fee basis, but not including other per-
10 sonal services) in connection with the acquisition, protection,
11 operation, maintenance, improvement, or disposition of real or
12 personal property belonging to said Corporation or in which
13 it has an interest, and legal fees and expenses: *Provided*,
14 That notwithstanding any other provisions of this Act,
15 except for the limitation in amount hereinbefore specified,
16 the administrative expenses and other obligations of said
17 Corporation shall be incurred, allowed, and paid in accord-
18 ance with the Home Owners' Loan Act of 1933, as amended
19 (12 U. S. C. 1461-1468).

20 Federal Housing Administration: In addition to the
21 amounts available by or pursuant to law (which shall be
22 transferred to this authorization) for the administrative
23 expenses of the Federal Housing Administration in carrying
24 out duties imposed by or pursuant to law, not to exceed

1 (16) ~~\$17,624,000~~ \$20,000,000 of the various funds of the
2 Federal Housing Administration as follows: (1) The mutual
3 mortgage insurance fund; (2) the housing insurance fund;
4 (3) the account in the Treasury comprised of funds derived
5 from premiums collected under authority of section 2 (f),
6 title I of the National Housing Act, as amended (12 U. S. C.
7 1701) ; and (4) the war housing insurance fund shall be avail-
8 able for expenditure, in accordance with the provisions of said
9 Act for the administrative expenses of the Federal Housing
10 Administration, including not to exceed \$1,500 for periodicals
11 and newspapers; not to exceed \$1,500 for contract actuarial
12 services; and health program as authorized by the Act of
13 August 8, 1946 (Public Law 658) : *Provided*, That neces-
14 sary expenses of the Administration (including both services
15 performed on a contract or fee basis, but not including other
16 personal services) in connection with the acquisition, pro-
17 tection, completion, operation, maintenance, improvement,
18 or disposition of real or personal property of the Administra-
19 tion acquired under authority of titles I, II, and VI of said
20 National Housing Act, shall be considered as nonadministra-
21 tive for the purposes hereof: *Provided further*, That, except
22 as herein otherwise provided, the administrative expenses
23 and other obligations, including nonadministrative expenses,
24 of the Administration shall be incurred, allowed, and paid in

1 accordance with the provisions of said Act of June 27, 1934,
2 as amended (12 U. S. C. 1701).

3 Federal Public Housing Authority: Of the amounts
4 available by or pursuant to law for the administrative ex-
5 penses of the Federal Public Housing Authority in carrying
6 out duties imposed by or pursuant to law including not to
7 exceed ~~(17)\$2,200,000~~ \$2,700,000 of the funds available for
8 administrative expenses for the United States Housing Act
9 program (all of which are hereby merged into a single ad-
10 ministrative expense account), not to exceed ~~(18)\$10,400,000~~
11 \$13,000,000 shall be available for such expenses subject to
12 the provisions of section 6 (b) of the Act of September 1,
13 1937, as amended, 42 U. S. C. 1406 (b), including health
14 service program as authorized by the Act of August 8, 1946
15 (Public Law 658) : *Provided*, ~~(19)That the number of officers~~
16 ~~and employees receiving compensation in excess of \$4,500~~
17 ~~per annum shall not exceed 20 per centum of the total num-~~
18 ~~ber of officers and employees paid from such funds: *Provided*~~
19 ~~further,~~ That necessary expenses of providing representatives
20 of the Authority at the sites of non-Federal projects in con-
21 nection with the construction of such non-Federal projects by
22 public housing agencies with the aid of the Authority, shall be
23 compensated by such agencies by the payment of fixed fees
24 which in the aggregate in relation to the development costs
25 of such projects will cover the costs of rendering such

1 services, and expenditures by the Authority for such purpose
2 shall be considered nonadministrative expenses, and funds
3 received from such payments may be used only for the pay-
4 ment of necessary expenses of providing representatives of
5 the Authority at the sites of non-Federal projects or for
6 administrative expenses of the Authority not in excess of the
7 amount authorized by the Congress (20): *Provided, That*
8 *\$175,000 shall be available for the audit and revision of past*
9 *accounting records.*

10 Liquidation of resettlement projects: Not to exceed
11 \$39,500 of the receipts derived from the operation of the
12 projects transferred under paragraphs 1 (g) and 6 of Ex-
13 ecutive Order 9070 of February 24, 1942 (7 F. R. 1529),
14 shall be available for necessary expenses in connection with
15 and to facilitate disposition of the improved or unimproved
16 lands in the suburban resettlement projects known as Green-
17 belt, Greendale, and Greenhills, pursuant to the provisions
18 of section 5 of the Emergency Relief Appropriation Act of
19 1935 (49 Stat. 115), for making surveys, plans, and plats.
20 and expenses of additions, alterations, and improvements to
21 streets and utilities.

22 Defense Homes Corporation: (21) ~~Not to exceed \$3,000~~
23 ~~shall be available for payment of terminal leave only. Imme-~~
24 ~~diately upon the enactment hereof, the National Housing Ad-~~
25 ~~ministrator shall transfer or cause to be transferred to the~~

1 Reconstruction Finance Corporation without reimbursement
2 or other consideration all of the capital stock of Defense Homes
3 Corporation, together with the stock certificates evidencing the
4 ownership of such stock. All assets and liabilities of every kind
5 and nature, together with all records, of Defense Homes Cor-
6 poration are hereby transferred effective July 1, 1947, to the
7 Reconstruction Finance Corporation without reimbursement
8 or other consideration for the purpose of liquidation thereof
9 in an orderly manner. Upon receipt of such stock, the
10 Reconstruction Finance Corporation shall proceed with
11 diligence to liquidate the affairs of the Defense Homes Cor-
12 poration as soon as practicable, including realization of the
13 cash value of all its assets and settlement of all its legal
14 liabilities, including the existing indebtedness of Defense
15 Homes Corporation to the Reconstruction Finance Corporation.
16 Any net proceeds thereafter remaining shall be covered into
17 the Treasury in the same manner and in accordance with the
18 same requirements as are applicable for the disposition of net
19 income realized by the Reconstruction Finance Corporation
20 from its operations. Such of the personnel of the Federal
21 Public Housing Authority (not to exceed eight persons)
22 as have been employed primarily on duties relating to the
23 Defense Homes Corporation and are found by the Recon-
24 struction Finance Corporation to be necessary and qualified
25 to assist in the liquidation herein authorized and directed,

1 shall be transferred to the Reconstruction Finance Corpora-
 2 tion as of the date requested by it Not to exceed \$12,300 for
 3 the purposes of liquidation, including \$3,000 for payment of
 4 terminal leave, shall be available for administrative expenses,
 5 which shall be on an accrual basis: Provided, That such
 6 administrative expenses shall be exclusive of interest paid,
 7 depreciation, properly capitalized expenditures, repayment of
 8 loans, property operating expenses (including project inven-
 9 tory), charges to surplus and operating reserve, and cost of
 10 sales of commodities, services, and property: Provided further,
 11 That advances of funds made in connection with the operation
 12 of housing properties are hereby authorized.

13 (22)Penalty Mail Costs: For deposit in the general fund
 14 of the Treasury for the costs of penalty mail for the National
 15 Housing Agency, as required by the Act of June 28, 1944
 16 (Public Law 364), not to exceed \$290,600, said sum to be
 17 derived by transfer from the funds available for the adminis-
 18 trative expenses of the Office of the Administrator and the
 19 constituent units of said Agency: Provided, That in no event
 20 shall any moneys in excess of the costs of penalty mail al-
 21 locable, respectively, to said Office of the Administrator and
 22 to each of said constituent units be transferred hereunder.

23 FEDERAL LOAN AGENCY

24 War Damage Corporation: The Board of Directors of
 25 the Corporation shall pay or cause to be paid to the Treasury

1 of the United States \$210,751,618.65 of the amount realized
2 by the Corporation from its operations, such sum to be
3 covered into the Treasury immediately upon the approval
4 of this Act and applied to reduction of the national debt.

5 DEPARTMENT OF AGRICULTURE

6 Federal Farm Mortgage Corporation: Not to exceed
7 \$2,750,000 (to be computed on an accrual basis) of the
8 funds of the Corporation shall be available for administra-
9 tive expenses, including employment on a contract or fee
10 basis of persons, firms, and corporations for the performance
11 of special services, including legal services, and the use of
12 the services and facilities of Federal land banks, national
13 farm loan associations, Federal Reserve banks, and agencies
14 of the Government as authorized by the Act of January 31,
15 1934 (12 U. S. C. 1020-1020h) ; and said total sum shall
16 be exclusive of interest expense, and expenses in connection
17 with the acquisition, operation, maintenance, improvement,
18 protection, or disposition of real or personal property be-
19 longing to the Corporation or in which it has an interest:
20 *Provided*, That of the funds available to the Corporation
21 for administrative expenses, not to exceed ~~(23)~~\$275,000
22 \$400,000 shall be available for payment to the Farm Credit
23 Administration for supervisory or other services rendered.

24 Federal Intermediate Credit Banks: Not to exceed
25 \$1,250,000 (to be computed on an accrual basis) of the

1 funds of the banks shall be available for administrative ex-
 2 penses, ~~(24)including the purchase of not to exceed ten pas-~~
 3 ~~senger motor vehicles,~~ services performed for the banks by
 4 other Government agencies (except services performed by the
 5 banks for cooperatives in connection with loans to cooperative
 6 associations rediscounted or pledged with the Federal Inter-
 7 mediate Credit Banks, and services performed by any Federal
 8 Reserve bank and by the United States Treasury in connec-
 9 tion with the financial transactions of the banks) , and not to
 10 exceed \$4,000 for penalty mail; and said total sum shall be
 11 exclusive of interest expense, legal and special services per-
 12 formed on a contract or fee basis, and expenses in connection
 13 with the acquisition, operation, maintenance, improvement,
 14 protection, or disposition of real or personal property belong-
 15 ing to the banks or in which they have an interest: *Provided,*
 16 That of the funds available to the banks for administrative
 17 expenses, not to exceed ~~(25)\$125,000~~ \$181,250 shall be
 18 available for payment to the Farm Credit Administration for
 19 supervisory or other services rendered.

20 Production Credit Corporations: Not to exceed \$1,-
 21 600,000 (to be computed on an accrual basis) of the funds
 22 of the corporations shall be available for administrative ex-
 23 penses, including the purchase of not to exceed ~~(26)fifteen~~
 24 *five* passenger motor vehicles, services performed for the cor-
 25 porations by other Government agencies, and not to exceed

1 \$4,000 for penalty mail; and said total sum shall be exclusive
2 of interest expense, legal and special services performed on a
3 contract or fee basis, and expenses in connection with the
4 acquisition, operation, maintenance, improvement, protection,
5 or disposition of real or personal property belonging to the
6 corporations or in which they have an interest: *Provided*,
7 That of the funds available to the corporations for adminis-
8 trative expenses, not to exceed (27)\$160,000 \$232,000 shall
9 be available for payment to the Farm Credit Administration
10 for supervisory or other services rendered.

11 Regional Agricultural Credit Corporation of Washing-
12 ton, District of Columbia: Not to exceed \$200,000 (to be
13 computed on an accrual basis) of the funds of the Corpora-
14 tion shall be available for administrative expenses, including
15 supervision and examination by the Farm Credit Admin-
16 istration and services performed for the Corporation by other
17 Government agencies, and not to exceed \$3,200 for penalty
18 mail; and said total sum shall be exclusive of interest expense,
19 legal and special services performed on a contract or fee basis,
20 and expenses in connection with the acquisition, operation,
21 maintenance, improvement, protection, or disposition of real
22 or personal property belonging to the Corporation or in which
23 it has an interest: *Provided*, That no other funds shall be
24 available for administrative expenses of the Corporation:
25 *Provided further*, That of the funds available to the Cor-

1 poration for administrative expenses, not to exceed
2 (28)\$20,000 \$29,000 shall be available for payment to the
3 Farm Credit Administration for supervisory or other services
4 rendered.

5 DEPARTMENT OF COMMERCE

6 Inland Waterways Corporation: Not to exceed \$418,-
7 100 shall be available for administrative expenses, to be
8 determined in the manner set forth under the title "General
9 expenses" in the Uniform System of Accounts for Carriers
10 by Water of the Interstate Commerce Commission (effective
11 January 1, 1942), with the exception that the cost of the
12 audit as required by Public Law 248, Seventy-ninth Con-
13 gress, shall be deemed a nonadministrative expense for the
14 purpose hereof, including not to exceed \$1,200 for penalty
15 mail: *Provided*, That no funds shall be used to pay compen-
16 sation of employees normally subject to the Classification
17 Act of 1923, as amended, at rates in excess of rates fixed
18 for similar services under the provisions of the Classification
19 Act, as amended, nor to pay the compensation of vessel
20 employees and such terminal and other employees as are
21 not covered by the Classification Act, at rates in excess of
22 rates prevailing in the river transportation industry in the
23 area.

24 Warrior River Terminal Company: Not to exceed
25 \$20,100 shall be available for administrative expenses, to be

1 determined in the manner set forth under the title "Operating
2 expense accounts—general" in the Uniform System of Ac-
3 counts for Steam Railroads of the Interstate Commerce Com-
4 mission (issue of 1943) with the exception that the cost of
5 the audit as required by Public Law 248, Seventy-ninth Con-
6 gress, shall be deemed a nonadministrative expense for
7 the purpose hereof: *Provided*, That, in the event of dissolu-
8 tion of the Company and/or the transfer of its assets to the
9 Inland Waterways Corporation, the funds provided herein
10 shall be transferred and merged with the administrative ex-
11 penses of the Inland Waterways Corporation for the operation
12 of its facilities.

13 DEPARTMENT OF THE INTERIOR

14 Virgin Islands Company: Not to exceed \$20,000 (to
15 be computed on an accrual basis) of the funds of the Com-
16 pany shall be available during the fiscal year 1948 for its
17 administrative expenses which shall be determined in accord-
18 ance with the Company's prescribed accounting system in
19 effect on July 1, 1946, and shall be exclusive of depreciation,
20 interest expense, payment of claims, contribution to the local
21 government in lieu of taxes, expenditures which the Com-
22 pany's prescribed accounting system requires to be capitalized
23 or charged to commodities produced or acquired and expenses
24 in connection with acquisition, construction, operation, main-
25 tenance, improvement, protection or disposition of facilities

1 and other property belonging to the Company or in which it
2 has an interest.

3 **(29)***The Virgin Islands Company is authorized to borrow*
4 *from the Treasury of the United States, for the purpose of*
5 *carrying out any of the programs of the Company set forth*
6 *in the budget for the fiscal year 1948, sums of money not to*
7 *exceed a total of \$500,000. For this purpose the Secretary*
8 *of the Treasury is authorized and directed to make loans to*
9 *the Company, out of any funds in the Treasury not otherwise*
10 *appropriated, on such terms and conditions as the Secretary*
11 *of the Treasury shall determine. Such loans shall bear in-*
12 *terest at a rate determined by the Secretary of the Treasury,*
13 *taking into consideration the current average rate on out-*
14 *standing marketable obligations of the United States as of the*
15 *last day of the month preceding the making of the loan to the*
16 *Company.*

17 DEPARTMENT OF JUSTICE

18 Federal Prison Industries, Incorporated: Not to exceed
19 \$225,000 (to be computed on an accrual basis) of the funds
20 of the corporation shall be available during the fiscal year
21 1948 for its administrative expenses, which shall be deter-
22 mined in accordance with the Corporation's prescribed
23 accounting system in effect on July 1, 1946, and shall be
24 exclusive of depreciation, vocational training expenses, pay-
25 ment of claims, expenditures which the said accounting

1 system requires to be capitalized or charged to cost of com-
2 modities acquired or produced, including selling and shipping
3 expenses, and expenses in connection with acquisition, con-
4 struction, operation, maintenance, improvement, protection,
5 or disposition of facilities and other property belonging to the
6 corporation or in which it has an interest.

7 DEPARTMENT OF STATE

8 The Institute of Inter-American Affairs: Not to exceed
9 \$550,000 (to be computed on an accrual basis) of the funds
10 available to the Corporation shall be available during the
11 fiscal year 1948 for its administrative expenses, including not
12 to exceed \$3,000 shall be available for penalty mail, and the
13 cost of administrative services performed for the Corpora-
14 tion by other Government agencies, which shall be deter-
15 mined in accordance with the Corporation's prescribed ac-
16 counting system in effect on July 1, 1946, and shall be ex-
17 clusive of expenditures made outside continental United
18 States, and expenditures which the Corporation's prescribed
19 accounting system requires to be capitalized or charged di-
20 rectly to or directly related to the operating programs:
21 *Provided*, That the total cost of liquidation shall be paid out
22 of funds available to the Corporation without additional
23 appropriations therefor.

24 Institute of Inter-American Transportation: Not to ex-
25 ceed \$3,000 of the funds available to the Corporation shall

1 be available for payment of terminal leave only: *Provided*,
2 That all administrative duties and responsibilities shall be
3 assumed by such officers and employees of the Department
4 of State as the Secretary of State may designate, and who
5 shall receive no additional compensation for such duties:

6 *Provided further*, That the Secretary of State shall take
7 appropriate steps to secure the final dissolution and liquida-
8 tion of said Corporation at the earliest practicable date:

9 *Provided further*, That the total cost of liquidation shall be
10 paid out of funds available to the Corporation without addi-
11 tional appropriations therefor.

12 Inter-American Educational Foundation, Inc.: Not to
13 exceed \$250,000 (to be computed on an accrual basis) of the
14 funds available to the Corporation shall be available during the
15 fiscal year 1948 for its administrative expenses, including not
16 to exceed \$1,500 shall be available for penalty mail; including
17 the cost of administrative service performed for the Corpora-
18 tion by other Government agencies, which shall be deter-
19 mined in accordance with the Corporation's prescribed ac-
20 counting system in effect on July 1, 1946, and shall be ex-
21 clusive of expenditures made outside the continental limits of
22 the United States, and expenditures which the Corporation's
23 prescribed accounting system requires to be capitalized or
24 charged directly to or directly related to the operating pro-
25 grams.

1 Prencinradio, Incorporated: Not to exceed \$2,000 of the
2 funds available to the Corporation shall be available for pay-
3 ment of terminal leave only: *Provided*, That all administra-
4 tive duties and responsibilities shall be assumed by such
5 officers and employees of the Department of State as the
6 Secretary of State may designate, and who shall receive
7 no additional compensation for such duties: *Provided further*,
8 That the Secretary of State shall take appropriate steps to
9 secure the final dissolution and liquidation of said Corporation
10 at the earliest practicable date: *Provided further*, That the
11 total cost of liquidation shall be paid out of funds available
12 to the Corporation without additional appropriations therefor.

13 TITLE III

14 GENERAL PROVISIONS

15 SEC. 301. Funds made available by this Act for admin-
16 istrative expenses shall be available, in addition to objects for
17 which such funds are otherwise available, for personal serv-
18 ices and rent in the District of Columbia; printing and bind-
19 ing; examination of budgets and estimates of appropriations
20 in the field; travel expenses in accordance with the Stand-
21 ardized Government Travel Regulations, the Subsistence
22 Expense Act of 1926, as amended (except as to per diem
23 rates outside continental United States), and the Act of
24 February 14, 1931, as amended (5 U. S. C. 73a) ; for the
25 objects specified under the head "General provisions" in

1 title II of the Independent Offices Appropriation Act, 1948,
2 all the provisions of which title unless otherwise specified
3 in this Act, shall be applicable to the expenditure of such
4 funds; and services in accordance with section 15 of the Act
5 of August 2, 1946 (Public Law 600) (30), except that no
6 funds of any corporation or agency included in this Act shall
7 be available for payment, to other than a Government agency,
8 for services of an independent audit of the financial records
9 of the offices of any Government corporation or agency
10 unless prior approval is obtained from or such service is di-
11 rected to be made by the Comptroller General of the United
12 States.

13 SEC. 302. No part of any funds of any wholly owned
14 Government corporation shall be used for the purchase or
15 construction, or in making loans for the purchase or con-
16 struction of any office building at the seat of government
17 primarily for occupancy by any department or agency of the
18 United States Government or by any corporation owned by
19 the United States Government.

20 SEC. 303. Funds of the corporations and agencies cov-
21 ered by the provisions of this Act shall be available for
22 payment of claims settled in accordance with part 2 of the
23 Federal Tort Claims Act.

24 SEC. 304. Any funds of, or available for expenditure
25 by, any corporation or agency included in this Act, which

1 are not subject to audit by the General Accounting Office
2 under the provisions of the Government Corporation Control
3 Act (Public Law 248, Seventy-ninth Congress) or other
4 law, shall be accounted for and audited in accordance with
5 the Budget and Accounting Act, as amended, and no such
6 fund shall be obligated or expended unless and until an appro-
7 priate appropriation account shall have been established
8 therefor pursuant to an appropriation warrant or a covering
9 warrant: *Provided*, That this section shall not be so con-
10 strued as to modify or repeal any provision of any other law
11 respecting warranting, accounting for, and auditing of funds.

12 SEC. 305. No part of the funds of, or available for ex-
13 penditure by, any corporation or agency included in this
14 Act shall be used to pay the salary or wages of any person
15 who engages in a strike against the Government of the
16 United States or who is a member of an organization of
17 Government employees that asserts the right to strike against
18 the Government of the United States, or who advocates, or
19 is a member of an organization that advocates, the over-
20 throw of the Government of the United States by force or
21 violence: *Provided*, That for the purposes hereof an affi-
22 davit shall be considered prima facie evidence that the person
23 making the affidavit has not contrary to the provisions of
24 this section engaged in a strike against the Government of

1 the United States, is not a member of an organization of
2 Government employees that asserts the right to strike against
3 the Government of the United States, or that such person
4 does not advocate, and is not a member of an organization
5 that advocates, the overthrow of the Government of the
6 United States by force or violence: *Provided further*, That
7 any person who engages in a strike against the Government
8 of the United States or who is a member of an organization
9 of Government employees that asserts the right to strike
10 against the Government of the United States, or who advo-
11 cates, or who is a member of an organization that advocates,
12 the overthrow of the Government of the United States by
13 force or violence and accepts employment the salary or wages
14 for which are paid from any funds available to any corpora-
15 tion or agency included in this Act shall be guilty of a felony
16 and, upon conviction, shall be fined not more than \$1,000
17 or imprisoned for not more than one year, or both: *Provided*
18 *further*, That the above penalty clause shall be in addition
19 to, and not in substitution for, any other provisions of existing
20 laws.

21 SEC. 306. Title to all office buildings at the seat of Gov-
22 ernment, which are owned by wholly owned Government
23 corporations, and all right, title, or interest of such cor-
24 porations in the land upon which such buildings are located

1 SEC. ~~(34)309~~ 307. This Act may be cited as "The
2 Government Corporations Appropriation Act, 1948".

Passed the House of Representatives June 11, 1947.

Attest: JOHN ANDREWS,
Clerk.

Passed the Senate with amendments July 16, 1947.

Attest: CARL A. LOEFFLER,
Secretary.

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 1947

Ordered to be printed with the amendments of the
Senate numbered

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued July 18, 1947
For actions of July 17, 1947
80th-1st, No. 137

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HIGHLIGHTS: House received conference report on agricultural appropriation bill. House sent Government corporations appropriation bill to conference. Rep. Gillie inserted and discussed subcommittee report criticizing administration of foot-and-mouth disease campaign. House passed bill repealing numerous war and emergency powers. Senate committee reported bill to amend and extend Sugar Act. House received President's appropriation estimate for flood control. Senate passed over, on objection, measure to permit timber sales in Tongass Forest. Rep. Branblett introduced bill to donate farm-labor camps. President approved bill to permit salary payments pending appropriations and legislative appropriation bill.

HOUSE

- 1. AGRICULTURAL APPROPRIATION BILL.** Received the conference report on this bill, H. R. 3601 (pp. 9369-72). The report is tentatively scheduled to be considered today.
The following items were among those reported in disagreement: Agricultural conservation program, school lunch program, farm-tenant loans, meat inspection, section 32, and penalty mail.
The conference report provides for \$225,000,000 for rural-electrification loans, \$5,000,000 for crop-insurance administration, \$9,000,000 for Research and Marketing Act with changes in items, \$2,125,000 for the Solicitor's Office, \$2,000,000 for BAE economic investigations, \$503,000 for OFAR, \$5,000,000 for REA salaries and expenses, \$1,000,000 for flood control.
(A more detailed statement will be sent to you later today.)
- 2. GOVERNMENT CORPORATIONS APPROPRIATION BILL.** Reps. Ploeser, Jensen, Schwabe of Okla., Coudert, Mahon, Gore, and Whitten were appointed conferees on this bill, H. R. 3756 (p. 9353). Senate conferees were appointed July 16.
- 3. DEFICIENCY APPROPRIATION BILL.** Rep. Taber, N. Y., obtained unanimous consent that the new deficiency bill, which will probably be reported today, may be taken up immediately and that points of order be waived (p. 9369).
- 4. RESEARCH.** Reps. Wolverton, Hinshaw, Howell, Priest, and Harris were appointed conferees on S. 526, to create a National Science Foundation (p. 9373). Senate conferees were also appointed as follows: Sens. Taft, Aiken, Smith, Thomas of Utah, and Ellender (p. 9295). The bill as passed by the House is printed in the Record (pp. 9292-5).

5. WAR POWERS. Passed with amendments S. J. Res. 123, to repeal certain war and emergency powers (pp. 9373-7). A list of items of interest to this Department will appear in tomorrow's Digest.
6. FOOT-AND-MOUTH DISEASE. Rep. Gillic, Ind., inserted and discussed the report of his subcommittee on the foot-and-mouth disease campaign in Mexico. The report recommends (1) that operations be speeded up, (2) that funds be made available immediately to enable the campaign to be pursued at the highest speed and intensity, (3) that there be created the office of executive director to have charge of the entire campaign, (4) that the campaign be carried on on its present basis south of the Tampico-Colima military quarantine line, (5) that USDA immediately assign the best man available to get existing packing plants in northern Mexico into operations, etc., and (6) that all infected or exposed animals be killed and buried as rapidly as possible. (pp. 9378-81.)
7. MINERALS. Debated H. R. 1602, to provide for a National Minerals Resources Division in the Interior Department (pp. 9383-97).
8. FLOOD CONTROL. Received the President's supplemental appropriation estimates for flood control, totaling \$250,000,000, of which \$3,000,000 would be for SCS (H. Doc. 406); to Appropriations Committee (p. 9399).
9. WILDLIFE CONSERVATION. The Merchant Marine and Fisheries Committee reported with amendments H. R. 4018, authorizing transfer of surplus property from Government agencies to the Interior Department for wildlife-conservation purposes (H. Rept. 972)(p. 9399).
10. HEALTH; FOREIGN AFFAIRS. The Foreign Affairs Committee reported with amendments H.J.Res. 161, providing for U.S. membership and participation in the World Health Organization and authorizing an appropriation therefor (H.Rept. 979) (p. 9399).
11. WILDLIFE; NATIONAL FORESTS. The Merchant Marine and Fisheries Committee reported without amendment S. 616, to authorize the creation of a game refuge in the Francis Marion National Forest, S.C. (H.Rept. 980).(p. 9399).
12. LANDS; VETERANS. H.R. 4059, as reported (see Digest 136), provides for the homesteading of certain lands in Alaska by veterans; authorizes claims of not less than 320 acres or more than 1920 acres and for such purposes as agriculture, fur farming, grazing, timber or any combination of these types; requires a habitable dwelling before patent is issued; prohibits sale or lease of the land during a five-year period after the patent is issued except under specified conditions; provides that USDA forestry practices requiring that all timberland be maintained on a sustained-yield basis shall be continued in perpetuity; and authorizes loans on improvements on the land before patent is issued.
13. DRAINAGE INVESTIGATIONS. H.R. 3538, as reported (see Digest 136), authorizes the Agriculture Department to investigate, plan, design, and report to the President and Congress on proposed projects for reclaiming land by drainage. The bill, as originally introduced, would give this responsibility to the Interior Department. The Committee also amended the bill to assure that no recommendation is made for drainage of an area unless it is shown that the benefits to local, State, or Federal governments exceed the cost of the project, to provide that flood control remain under the War Department, and to prohibit the Agriculture Department from making an investigation in irrigation districts adjacent to Federal irrigation projects.

marks in the RECORD in reference to the former mandated islands held by the Japanese.

Mr. MASON asked and was given permission to extend his remarks in the RECORD on the subject Pertinent Observations Concerning Communism.

PERMISSION TO ADDRESS THE HOUSE

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

COMMUNISM IN AMERICA

Mr. McDONOUGH. Mr. Speaker, the press carries a story that the distinguished gentleman from Illinois [Mr. DIRKSEN] has announced that before the House adjourns we will authorize funds for the documentation and publication of Communism in America. I am in full accord with this proposal.

The gentleman from Illinois [Mr. DIRKSEN] is quoted in this article as stating that every point should be supported by proof so as to leave not the slightest doubt as to how diligently the Communists are working to impose their ideology on the American people. With this I also agree, but I would like to call to the attention of the House of the need for a clear and understandable definition of what communism really is before we proceed to publish such a House document.

On February 12, 1947 I introduced House Resolution 99 to define communism. It was referred to the House Un-American Activities Committee. No action has been taken on this resolution to date. It seems to me that this is one of the neglected duties of that committee.

If we are going to approve a House document on communism in America, we should most certainly define communism so that the public will be well aware of what we are talking about. There are too many doubtful opinions of what communism is. A clear and easily understood definition of it would also be of great help to the courts where many cases involving communism have been held in doubt because of the lack of a proper definition.

I submit herewith a copy of my House Resolution 99:

House Resolution 99

Whereas communism as a political policy, or a way of life, is inimical to the people of the United States; and

Whereas communism advocates deceit, conspiracy, confusion, subversion, revolution, and the subordination of man to the state; and, because of its practice of deceit and confusion its real purposes and intentions are clouded and misunderstood to the extent that many persons in the United States have been influenced to believe in and sympathize with communism; and

Whereas there is a pressing need for a clear and easily understandable definition of communism in order to protect the people of the United States from its insidious influence; Now, therefore, be it

Resolved, That communism be defined and declared to be not a political policy, but is an international conspiracy and an anti-Christian ideology which advocates and prac-

tices deceit, confusion, subversion, revolution, and the subordination of man to the state, and which has for its purpose and intention the overthrow of any democratic form of government by force and violence, if necessary; and be it further

Resolved, That any person, either citizen or alien, adhering to or expounding the purposes and intentions of communism, should be exposed and revealed as an enemy of the United States and dealt with accordingly.

AMENDING THE FEDERAL INSURANCE CONTRIBUTIONS ACT

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3818) to amend the Federal Insurance Contributions Act with respect to rates of tax on employers and employees, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. REED of New York, KEAN, MASON, DINGELL, and MILLS.

PERMISSION TO ADDRESS THE HOUSE

Mr. OWENS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SUBVERSIVE ACTION IN AMERICA

Mr. OWENS. Mr. Speaker, it was not my intention to say anything this morning, but after hearing the gentleman from California talk about the publication of a document called Communism in Action in America, I think it would be well for us to consider the publication of a document entitled "Subversive Action in America." In that way we are not going to have another document printed about a Fascist Action in America or other types of action. We will cover them all in one document, because, after all, whether it is communism or fascism or any other ism, what I am worried about is whether it is subversive to the interest of the United States, and that is the type of document that in my opinion should be published.

GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES APPROPRIATION BILL, 1948

Mr. PLOESER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H. R. 3756, an act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PLOESER, JENSEN, SCHWABE of Oklahoma, COUDERT, MAHON, GORE, and WHITTEN.

AMENDMENT TO EMPLOYERS' LIABILITY ACT

Mr. MICHENER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 1639) to amend the Employers' Liability Act so as to limit venue in actions brought in United States district courts or in State courts under such act.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 1639, with Mr. CURTIS in the chair.

The Clerk read the title of the bill.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. GOSSETT].

Mr. GOSSETT. Mr. Chairman, I rise in support of this bill which I think to be highly desirable. This proposed legislation, as you know, is intended to eliminate ambulance chasing and racketeering primarily in the matter of employers' liability suits under the Federal Employers' Liability Act.

If you read the hearings it is perfectly apparent that a multi-million-dollar racket has grown up in this type of litigation. I notice on page 31, for example, that 21 suits from Texas are pending in Illinois; two suits from Texas in Minnesota; two suits from Texas in New York; three suits from Texas in Missouri; and three suits from Texas in California. It does not indicate there the number of claims as distinguished from suits that have been imported out of Texas into these various States.

To be opposed to this bill it seems to me that one would have to presume that a litigant, a plaintiff, an injured employee could not get justice in his home State or in the place of his residence. I was very much impressed by the fine talk that my distinguished colleague, the gentleman from Texas [Mr. COMBS] made yesterday on this subject in which he said that it was his conviction that there were honorable judges, honest lawyers, and fair juries in every bailiwick in this great Republic of ours. I concur in that opinion. As a matter of fact, if I thought this bill deprived any employees of just rights, if it crippled their opportunities to get adequate recoveries, I would be opposed to it. It seems to me it is a protection for the injured employee against racketeering lawyers. It seems to me he ought to be able to get a judgment and recovery where he lives, or where he is injured, or in his home State quicker and at least equal to that which he could get in any other State. He would in most cases surely be more adequately and fairly represented at home than abroad.

As to these ambulance-chasing lawyers, one firm in Chicago has something like 600 cases. They send their runners out into the States. They go to this fellow who has been injured on the railroad and say, "This is a highly technical procedure. We are experts. Here is a list of the vast number of cases we have handled. We have our doctors, and this, that, and the other, and we are set up to

handle your business." They sell that fellow on what they can do for him. The firm in Chicago that is representing John Doe down in Texas are not particularly interested in John Doe. If they find it to their convenience to settle his case at less than he is entitled to, they are going to so settle it.

There is nothing complicated about a Federal employer's liability suit. Most of you who are lawyers know that under the Federal Employer's Liability Act the three stock defenses of the ordinary tort action are waived; that is, fellow servant, assumed risk, and contributory negligence are not defenses in such cases. About all the injured employee has to do, and I think the Employer's Liability Act is a good law, is to prove he was injured and that the railroad did it. It is a much simpler form of action than some of the common-law actions and other forms of action to which the ordinary layman must resort. So there is no sound reason, to my way of thinking, why this fellow ought to have his case brought in Chicago or out in California or up in New York, when his injuries occur in States far removed from these forums.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield to the gentleman from Alabama.

Mr. RAINS. I note that it places the venue or jurisdiction either at the place where the injury occurred or at the residence or domicile of the plaintiff. In the event the railroad has no place of business in the domicile of the plaintiff, would the action still lie there?

Mr. GOSSETT. No; he would have to get service on the defendant in the place where the plaintiff resides or where the injury occurred. If he could not get service on it there, then he could get it anywhere the defendant has an office or in which it is doing business. This bill just sets up a priority of venue, so to speak.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield to the gentleman from New York.

Mr. CELLER. In the gentleman's own State of Texas a suit against a railroad may be brought in any county through which the railroad runs. This bill changes the State statute in that regard. Is the gentleman willing to have that done?

Mr. GOSSETT. I think it is to the interest of the employee. I do not think it imposes any hardship on him. Our primary purpose, however, is to protect him from the out-of-State solicitors.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MICHENER. Mr. Chairman, I yield the gentleman five additional minutes, from the time allotted to the gentleman from Tennessee [Mr. JENNINGS].

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. GOSSETT. I yield to the gentleman from Illinois.

Mr. OWENS. Insofar as those gentlemen in Chicago are concerned, they are being taken care of very well at this time. In fact, before I came to Congress an action to disbar was started on its

way. Does the gentleman feel that because of a few men of that type all the railroad men throughout the United States should be inconvenienced?

Mr. GOSSETT. I think it inconveniences the railroad man if he lives in Texas to have his suit filed in Chicago. I can see no inconvenience to the injured employee if he has a right to sue where he lives or where the injury occurred, and if he cannot get service where he lives or where the injury occurred, then any place where he can get service.

There is another provision in this bill that we have been overlooking, of which I think the railroad man would approve. It is in the first part of the bill:

No case arising under this chapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States.

That certainly is for the employee's benefit. Suppose that John Doe back in the county seat of one of my home counties files suit in a State court. The railroad cannot then come in and remove his case to a Federal court on grounds of diversity of citizenship or on any other grounds. The railroads would doubtless object to this provision. We are trying to write a bill that would be fair to all parties.

Mr. OWENS. There are very desirable provisions in the bill, but the plaintiff in interest is often the relative or the son, for example, of the deceased person. He may be living in a different locality from that in which the deceased was domiciled at the time he died. There is no reason why he should have to go down to that place to start an action. He may be the relative or the father or the son of the deceased. I think that is a very poor provision in the bill.

Mr. GOSSETT. I think he will come nearer getting an early and just settlement of his case where the witnesses reside or where the injury occurred than he would a thousand miles away in some foreign bailiwick. The plaintiff, if he might be the son of the deceased, can sue in his home town or county.

Mr. OWENS. No; not according to this bill. It must be where the person injured resided.

Mr. GOSSETT. That is, where the plaintiff resides.

Mr. OWENS. No; it is where the injured person resided and not where the plaintiff resides.

Mr. GOSSETT. I will have to study that a little further. I think I am right, although you may be right.

Mr. OWENS. I will read it to you. It says "where the person suffering death or injury resided at the time" and not the plaintiff in interest.

Mr. GOSSETT. Well, that is perhaps true.

I yield to my friend the gentleman from Minnesota, into which State many of these suits have been imported, incidentally.

Mr. DEVITT. I thank the gentleman. I call the attention of the gentleman to the statute of the State of Texas—the gentleman's home State. The Penal Code, section 2170 provides that a lawsuit brought in Texas can be moved around for the convenience of witnesses

or to get away from the prejudice of a judge or jury. May I advise the gentleman with respect to that?

Mr. GOSSETT. I think every State has such a law, do they not?

Mr. DEVITT. That is right. Every State does have such a law. But may I advise the gentleman that if this bill passes, the citizens of Texas, and especially railroad employees, are going to be denied that right in Texas. Does the gentleman want to deny that right to the railroad people in Texas?

Mr. GOSSETT. No; they will not be denied that right.

Mr. DEVITT. Yes; they would.

Mr. GOSSETT. No, no. Any time you can come in and show that you cannot get a fair trial in a local jurisdiction, then you can have the venue changed.

Mr. DEVITT. No; I might advise the gentleman that is not true under this bill. I believe the author of the bill will tell you that is the situation. I might further refer you to the Supreme Court decisions.

Mr. GOSSETT. Furthermore, you are reading from the Penal Code.

Mr. DEVITT. Yes; I am reading from the Penal Code.

Mr. GOSSETT. I call the gentleman's attention to the fact that criminal jurisprudence is vastly different from civil jurisprudence. That is for the purpose of taking care of cases where the local populace have become inflamed or perhaps there is some racial question involved and the defendant cannot get a fair trial. Does the gentleman think in an ordinary civil action that there is any bailiwick in this country in which either the plaintiff or the defendant cannot be fairly heard or will not get justice?

Mr. DEVITT. May I first tell the gentleman that this statute applies to civil suits? May I read it to you? It is as follows:

A change of venue may be granted in civil cases upon application of either of the parties, supported by their own affidavit and the affidavit of at least three creditable witnesses that there exists in the country where the suit is pending so great a prejudice against him that he cannot obtain a fair and impartial trial.

No. 2. There is a combination against him instigated by influential persons.

No. 3. For other sufficient causes to be determined by the court.

Mr. GOSSETT. I thank the gentleman, and repeat that this proposed legislation will in nowise abrogate the provisions of the law the gentleman has quoted.

Mr. DEVITT. Let us ask the author of the bill.

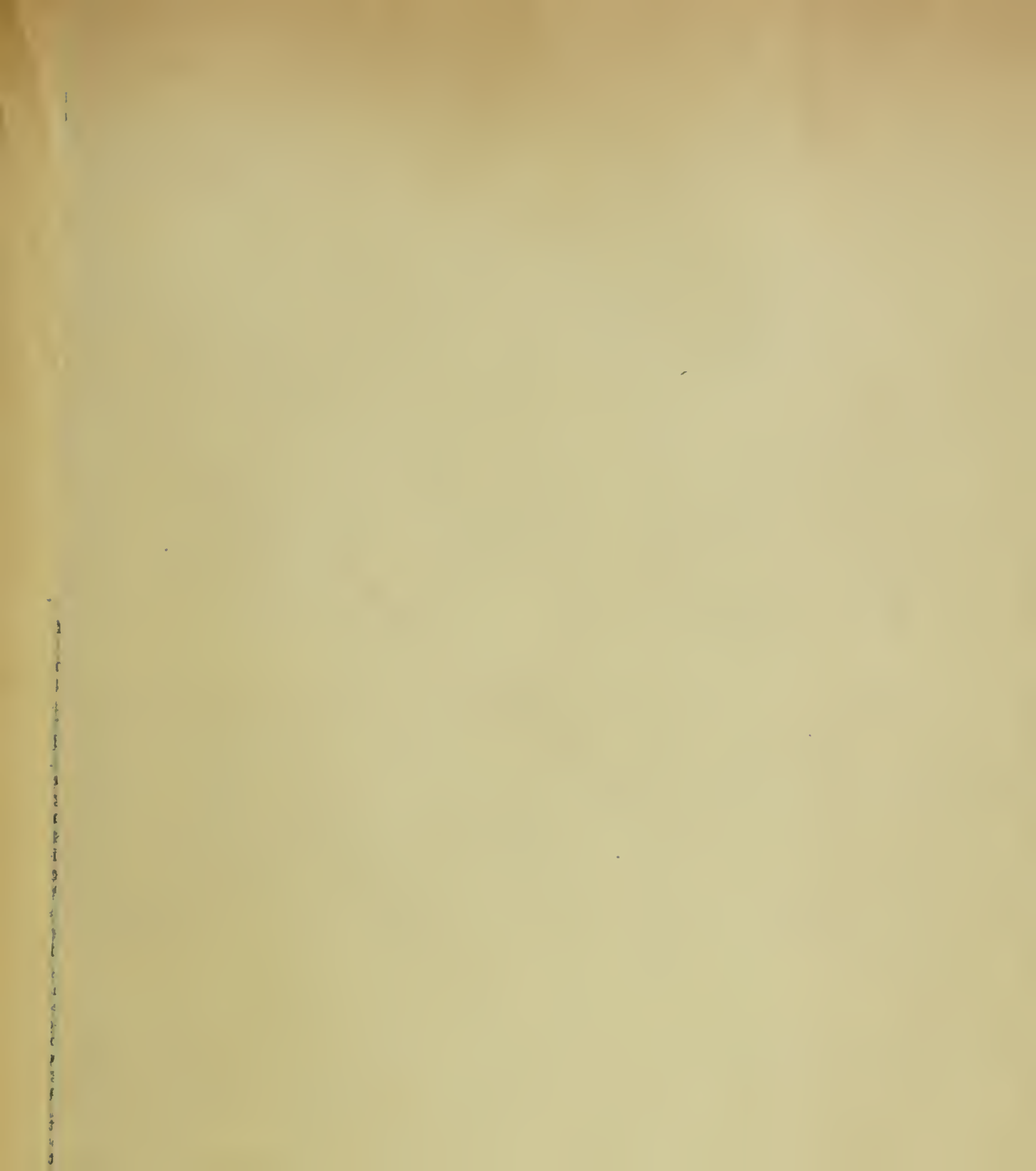
(Mr. GOSSETT asked and was given permission to revise and extend his remarks.)

Mr. MICHENER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. MACKINNON].

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. MACKINNON. I yield.

Mr. BREHM. Does not the gentleman feel as I do that this bill should be re-committed and let the Committee on the Judiciary fight it out instead of coming in here and fighting it out in our presence?



DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: House agreed to 2nd conference report on agricultural appropriation bill. House agreed to conference report on Government corporations appropriation bill. House passed 2nd supplemental appropriation bill. Both Houses agreed to conference report on independent offices appropriation bill. House concurred in Senate amendments to mineral-leasing bill. House agreed to resolution for housing investigation. Rep. Cooley commended accomplishments regarding farm program in last few years. Senate committees reported bills to amend Marketing Agreement Act; change peanut-quota provisions, modify Research and Marketing Act provisions regarding appropriations, revise civil service retirement law, and authorize agriculture studies. Senate passed bill transferring Crab Orchard project to Interior. Senate passed War Civil functions appropriation bill. Rep. Shafer blamed Government wheat-flour buying for increased prices. Rep. Anderson introduced bill to facilitate admission of foreign farm labor.

HOUSE

- 1. AGRICULTURAL APPROPRIATION BILL.** Agreed to the 2nd conference report on this bill, H. R. 3601 (pp. 10103-9). Concurred in the school-lunch amendment with an amendment reducing the amount to \$65,000,000 and adding a provision that no part of the money be used for nonfood assistance (p. 10109).
- 2. GOVERNMENT CORPORATIONS APPROPRIATION BILL.** Agreed to the conference report on this bill, H. R. 3756 (pp. 10097-103). The conferees agreed to the following items: Provisions limiting the amount of assessments to be made against FCA corporations by FCA for supervisory or other services as follows: (a) Federal Farm Mortgage Corporation, \$400,000 (Senate figure; House, \$275,000; Budget estimate, \$421,302); (b) Federal Intermediate Credit Banks, \$181,250 (Senate figure; House, \$125,000; Budget estimate, \$296,286); (c) Production Credit Corporations, \$232,000 (Senate figure; House, \$160,000; Budget estimate, \$270,017); (d) Regional Agricultural Credit Corporation of Washington, D. C., \$29,000 (Senate figure; House, \$20,000; Budget estimate, \$67,273). There were no changes in the administrative-expense limitations in the House version, for these corporations. The conferees also agreed to the House authorizations for purchase of passenger vehicles: (a) Federal Intermediate Credit Banks, 10 vehicles, and (b) Production Credit Corporations, 15 vehicles. The conferees agreed with amendments to the language proposed in Secs. 307 and 308 of the General Provisions as carried in the House bill amending Secs. 104 and 101 of the Government

Corporations Control Act, respectively. The general effect of the amended language in Sec. 307 is to make clear that the proposed changes shall apply to budgets beginning with the fiscal year 1949 and that they will apply to funds for "expenditure for operating and administrative expenses." The amendment to Sec. 308 states that the proposed change will apply to mixed-ownership Government corporations "so long as these corporations have funds of or loans from the Government of the United States." The provision authorizing liquidation of the Tennessee Valley Associated Cooperatives, Inc., by the Treasury Department was not subject to change by the conferees.

3. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1948. Passed with amendment this bill, H. R. 4347, which was reported by the Appropriations Committee earlier in the day (H. Rept. 1053) (pp. 10079-95). Rejected, 147-234, an amendment by Rep. Rankin, Miss., to increase the rural-delivery service (Post Office Department) item by \$500,000 (pp. 10093-4).

The bill includes \$2,000,000 for USDA flood control (Budget estimate, \$3,000,000); \$11,000,000 for the employees' loyalty program (CSC, \$3,500,000; FBI, \$7,500,000); and \$500,000 for the Commission on Organization of the Executive Branch.

Regarding the employees' loyalty program, the Committee report states: "The committee is not satisfied with the plans of the Civil Service Commission inasmuch as the major activity must, of necessity, fall on the Federal Bureau of Investigation. The Civil Service Commission's program contemplated a very elaborate set-up and more investigation on the part of the Commission than appears to be warranted... The Commission should restrict its activity to the barest minimum and should rely on the Federal Bureau of Investigation for investigative reports."

Concerning the Organization Commission the report states: "The Commission... comprises a group admirably suited to the task. The Committee is recommending an initial appropriation of \$500,000 for the Commission to begin its work. Inasmuch as the Commission has not yet had an opportunity to organize and to select staff personnel it has not been in a position to develop a detailed budget."

The report states as follows regarding the flood-control item: "The Committee... provides language in the bill which makes the entire sum allowed available for actual work on the projects which are already under way. It was felt by the committee that the amounts for additional preliminary examinations and survey should be eliminated at this time. The \$2,000,000 recommended is to supplement programs already underway in the following watersheds..."

4. FARM CREDIT. H. R. 4309, as reported (see Digest 142), authorizes FCA to make direct loans to World War II veterans at 3% interest to acquire farms, farm equipment, and personal property. Loans on farm real estate would be secured by first mortgages with a limit of \$12,000 for a loan on any one farm, and loans on personalty would be secured by chattel mortgages with a limit of \$4,500 for any chattel-appraisal committees appointed by FCA, and the loans made would be limited 100 percent of the appraised value of the farm unit and personal property. The bill authorizes appropriation of initial sums of \$200,000,000 for real-estate loans and \$100,000,000 for equipment and personal-property loans, and thereafter such sums as may be necessary.

5. INDEPENDENT OFFICES APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 3839 (pp. 10069-72). (See also item 16.)

6. MINERAL LEASING. Concurred in the Senate amendments to H. R. 3022, which applied

GOVERNMENT CORPORATIONS APPROPRIATION BILL,
1948

JULY 24, 1947.—Ordered to be printed

Mr. PLOESER, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 3756]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, 26, 29, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, and 31, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$18,700,000; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$5,000,000; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the matter stricken out and inserted by said amendment insert the following: *one hundred and sixty-one*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: : *Provided, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams*; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows:

In line 13 of said amendment strike out the figure "\$4,714,397" and insert in lieu thereof the following: *\$4,125,000*; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert *\$4,000,000*; and the Senate agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

In lieu of the matter stricken out and inserted by said amendment insert the following:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June

30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation.

And the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$1,400,000; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$3,250,000; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$11,500,000; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: : *Provided, That \$175,000 shall be available only for the audit and revision of past accounting records;* and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows:

In line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof the following: \$250,000; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows:

SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress for the fiscal year 1949 and each year thereafter shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows:

SEC. 308. Section 101 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, so long as these corporations have funds of or loans from the Government of the United States."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9 and 21.

WALTER C. PLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, Jr.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
RICHARD B. RUSSELL,
JOHN H. OVERTON,
KENNETH S. WHERRY,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government Corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments namely:

TITLE I—DIRECT APPROPRIATIONS

Amendment No. 1 appropriates \$18,700,000 for the Tennessee Valley Authority, instead of \$22,143,500 as proposed by the House and \$13,117,521 as proposed by the Senate.

Amendment No. 2 restores the House language making available not to exceed \$3,253,979 of the appropriation for the Tennessee Valley Authority for the construction of South Holston and Watauga Dams.

Amendments Nos. 3 and 4 earmark not to exceed \$5,000,000 of the appropriation for the Tennessee Valley Authority for chemical plant, instead of \$6,686,000 as proposed by the House and \$3,000,000 as proposed by the Senate; and deletes language proposed by the House and language proposed by the Senate which would have imposed unworkable restrictions upon the use of the funds so earmarked.

Amendment No. 5 strikes out the authority for the Tennessee Valley Authority to purchase aircraft as proposed by the Senate.

Amendment No. 6 authorizes the Tennessee Valley Authority to purchase 161 automobiles, instead of 221 as proposed by the House and 100 as proposed by the Senate.

Amendment No. 7 inserts the provision of the Senate earmarking \$12,000,000 of the 1947 reappropriated balance of the Tennessee Valley Authority for the construction of the Watauga and South Holston Dams, amended to provide that "not less than" \$12,000,000 of such balance shall be available for such construction.

Amendment No. 8 appropriates for the Office of the Housing Expediter \$4,125,000, instead of \$3,539,080 as proposed by the House and \$4,714,397 as proposed by the Senate. The amount proposed by the House was earmarked for liquidation of this Office, and the increased amount is to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 prior to completion of such liquidation.

Amendment No. 9, relating to salaries and expenses, Office of the Administrator, National Housing Agency, is reported in disagreement.

Amendment No. 10 appropriates \$4,000,000 for the payment of contributions to public housing agencies, instead of \$2,200,000 as proposed by the House and \$5,700,000 as proposed by the Senate.

Amendment No. 11 strikes out the provision that no part of the appropriation for the payment of annual contributions to public

housing agencies shall be used to pay such contributions unless the amount otherwise due is reduced by one-half the outstanding reserves on the books of such agency. It is the intention of the managers on the part of the two Houses that the reserves on hand be utilized by the respective agencies for the purposes for which such reserves were created. It is further intended by the managers that the Federal Public Housing Authority shall so exercise its authority with respect to local housing agencies as to effect and maintain a reduction in the amount of the reserves maintained by individual housing agencies as may be excessive.

TITLE II

Amendment No. 12 corrects an error in printing.

Amendment No. 13 restores the proposal of the House whereby the Tennessee Valley Authority is required to pay to the Treasury over a period of 40 years the amount of \$348,239,240 representing the Federal investment in its power facilities, and requiring that one-fourth of such amount be paid in each 10-year period of such 40 years; but amends such proposal by striking out the requirement that not less than 40 percent of its net power income be paid into the Treasury each year.

Amendment No. 14 provides that not to exceed \$1,400,000 of the funds available to the Federal Home Loan Bank Administration may be used for administrative expenses, instead of not to exceed \$1,250,000 as proposed by the House and not to exceed \$1,550,000 as proposed by the Senate.

Amendment No. 15 provides that not to exceed \$3,250,000 of the funds available to the Home Owners' Loan Corporation may be used for administrative expenses, instead of not to exceed \$3,000,000 as proposed by the House and not to exceed \$3,500,000 as proposed by the Senate.

Amendment No. 16 provides that not to exceed \$20,000,000 of the funds of the Federal Housing Administration may be used for administrative expenses as proposed by the Senate, instead of not to exceed \$17,624,000 as proposed by the House.

Amendment No. 17 provides that the amounts available to the Federal Public Housing Authority for administrative expenses shall include not to exceed \$2,200,000 of the funds available for administrative expenses for the United States Housing Act program as proposed by the House, instead of not to exceed \$2,700,000 as proposed by the Senate.

Amendment No. 18 provides that not to exceed \$11,500,000 of the funds available to the Federal Public Housing Authority may be used for administrative expenses, instead of not to exceed \$10,400,000 as proposed by the House and not to exceed \$13,000,000 as proposed by the Senate.

Amendment No. 19 restores the House provision whereby the number of officers and employees of the Federal Public Housing Authority receiving compensation in excess of \$4,500 per annum shall not exceed 20 percent of the total number of employees of the Authority.

Amendment No. 20 provides that \$175,000 of the funds available to the Federal Public Housing Authority shall be available for the audit and revision of past accounting records as proposed by the Senate; and, as amended, "only" for such audit and revision.

Amendment No. 21, relating to the Defense Homes Corporation, is reported in disagreement.

Amendment No. 22 inserts the provision of the Senate for costs of penalty mail for the National Housing Agency by transfer from funds available for administrative expenses of the Office of the Administrator and the constituent units of the Agency, amended to provide for such transfers in an amount not exceeding \$250,000 instead of \$290,600 as proposed by the Senate.

Amendment No. 23 provides that not to exceed \$400,000 of the administrative expense funds of the Federal Farm Mortgage Corporation shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$275,000 as proposed by the House.

Amendment No. 24 restores the House provision permitting the Federal intermediate credit banks to purchase not to exceed 10 automobiles.

Amendment No. 25 provides that not to exceed \$181,250 of the administrative expense funds of the Federal intermediate credit banks shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$125,000 as proposed by the House.

Amendment No. 26 provides that the production credit corporations may purchase not to exceed 15 automobiles as proposed by the House instead of not to exceed 5 as proposed by the Senate.

Amendment No. 27 provides that not to exceed \$232,000 of the administrative expense funds of the production credit corporations shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$160,000 as proposed by the House.

Amendment No. 28 provides that not to exceed \$29,000 of the administrative expense funds of the Regional Agricultural Credit Corporation of Washington, D. C., shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$20,000 as proposed by the House.

Amendment No. 29 strikes out the provision proposed by the Senate authorizing the Virgin Islands Company to borrow \$500,000 from the Treasury of the United States.

TITLE III

Amendment No. 30 strikes out the provision proposed by the House whereby no funds of any corporation or agency included in the accompanying bill may be used to pay other than a Government agency for an independent audit unless approved by the Comptroller General.

Amendment No. 31 provides that with respect to the transfer of title to office buildings at the seat of government to the United States, as required by section 306 of the accompanying bill, the Administrator of the Federal Works Agency shall make a final determination of the value of the property in case of disagreement by the Secretary of the Treasury and the head of the transferor corporation, as proposed by the Senate.

Amendment No. 32 restores the language proposed by the House amending section 104 of the Government Corporation Control Act of

1945; but with amendments thereto providing that the budget programs transmitted by the President to the Congress thereunder shall be "for the fiscal year 1949 and each year thereafter"; changing the words "making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine" to read "making available for expenditure for operating and administrative expenses such corporate funds or other financial resources" etc.; and striking out the words "Except as provided in such legislation" which preceded the words "the provisions of this section shall not be construed as preventing" etc.

Amendment No. 33 restores the language proposed by the House amending section 101 of the Government Corporation Control Act of 1945 but with an amendment at the end of such language, "so long as these corporations have funds of or loans from the Government of the United States."

Amendment No. 34 changes the section number to conform with the action taken on previous amendments.

AMENDMENTS IN DISAGREEMENT

Amendment No. 9 relates to salaries and expenses, Office of the Administrator, National Housing Agency. The managers on the part of the House have authorized a motion that the House recede from its disagreement to the amendment of the Senate and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by the said amendment insert the following:

: Provided further, That there shall be transferred to this account not to exceed \$765,000 of the funds available under sections 303 and 502 of Public Law 849, Seventy-sixth Congress, as amended, such total funds to be available for all necessary administrative expenses of the Office of the Administrator.

Amendment No. 21 relates to the Defense Homes Corporation. The managers on the part of the House have authorized a motion that the House recede and concur in the Senate amendment.

WALTER C. PLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, Jr.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

○

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 46, noes 163.

Mr. RANKIN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and ninety-two Members are present, a quorum.

Mr. RANKIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include a resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. RAYBURN. Reserving the right to object, Mr. Speaker, I want to take the House entirely into my confidence. I assume that on that side and on this side there have been 40 people come to me to get my consent to their calling up bills by unanimous consent. Until I am better satisfied than I am now about some action the House may take on the matter it appears they are trying to transfer from the other body to this body, I think we will not have anything else by unanimous consent. I regret it very much. However, Mr. Speaker, on account of conditions in his family at home, I will not object to the gentleman from Wyoming [Mr. BARRETT] getting unanimous consent at this time to correct an error in a bill.

The SPEAKER. Does that apply to extensions of remarks?

Mr. RAYBURN. It does, for today.

The SPEAKER. In view of the statement of the gentleman from Texas, the Chair cannot entertain the request of the gentleman from Missouri.

MINERAL LEASING ACT FOR ACQUIRED LANDS

Mr. BARRETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3022) to promote the mining of coal, phosphate, sodium, potassium, oil, oil shale, gas, and sulfur on lands acquired by the United States, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 4, after "437," insert "30."

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FILING OF CONFERENCE REPORTS

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. Mr. Speaker, if I understood correctly the statement of the gentleman from Texas, it would not apply to the business of the House with respect to filing conference reports.

The SPEAKER. As the Chair understood the position of the minority leader, that applies to unanimous-consent requests on anything today.

Mr. RAYBURN. I will not object to filing conference reports, Mr. Speaker.

The SPEAKER. Those, of course, are privileged.

Mr. WOLCOTT. For the purpose of crystalizing this issue, can the Chair entertain a unanimous-consent request that a committee have until midnight to file a report, and that conferees have until midnight tonight to file a conference report?

The SPEAKER. The Chair would suggest the gentleman submit that to the minority leader. The Chair is perfectly willing to entertain such a request.

Mr. WOLCOTT. I understand that it has been submitted to him indirectly.

Mr. RAYBURN. I will say that for today I will not object to the filing of conference reports or to requests to have until midnight tonight to file them. I will not say that that agreement will carry on for tomorrow and Saturday.

Mr. WOLCOTT. I thank the gentleman.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the House Committee on Banking and Currency have until midnight tonight to file a report on the bill (S. 1070) to provide for the cancellation of the capital stock of the Federal Deposit Insurance Corporation and the refund of moneys received for such stock, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

S. 1361 AND SENATE JOINT RESOLUTION 148

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House may have until midnight tonight to file conference reports on the bill, S. 1361, and the resolution, Senate Joint Resolution 148.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. SABATH. Mr. Speaker, reserving the right to object, what are these conference reports? I do not remember the bill and resolution by their number.

Mr. WOLCOTT. Mr. Speaker, the bill, S. 1361, is the bill which activates the USHA in respect to local housing authorities paying the difference between the statutory limitation and the amount it actually costs to construct these dwellings.

Mr. SABATH. What are the conferees agreeing on?

Mr. WOLCOTT. We have not agreed on anything yet. We are in conference this afternoon but we hope to agree before very long. We would like to file the reports tonight so that it will be in order to take them up tomorrow if we do agree.

The resolution has to do with consumer credit.

Mr. SABATH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The conference reports and statements follow:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1361) to amend the United States Housing Act of 1937 so as to permit loans, capital grants, or annual contributions for low-rent housing and slum-clearance projects where construction costs exceed present cost limitations upon condition that local housing agencies pay the difference between cost limitations and the actual construction costs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1 and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"SEC. 2. The United States or any State or local public agency assisted by Federal funds made available with respect to housing shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations (except as provided in the proviso of section 209 (b) of the Housing and Rent Act of 1947) operated by it where such action or proceeding is authorized by the statute or regulations under which such accommodations are administered, but no such action or proceeding shall be maintained prior to March 1, 1948, if in the opinion of the administering authority such action or proceeding would result in undue hardship for the occupants of such housing accommodations, or unless in the opinion of such authority other housing facilities are available for such occupants."

And the House agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

JOE MCCARTHY,
J. WM. FULBRIGHT,
JOHN J. SPARKMAN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1361) to amend the United States Housing Act of 1937 so as to permit loans, capital grants, or annual contributions for low-rent housing and slum-clearance projects where construction costs exceed present cost limitations upon condition that local housing agencies pay the difference between cost limitations and the actual construction costs, submit the following

statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The first section of the Senate bill added a new subsection (6) to section 15 of the United States Housing Act of 1937 providing in part that notwithstanding the provisions of subsection (5) or of any other section of such act the Authority is authorized to make capital grants, loans, or annual contributions for low-rent-housing or slum-clearance projects, in the full amount of any sums previously allocated, to any public housing agency, at the request of such agency, upon condition that such agency will pay, or cause to be paid, by the State or political subdivision, the difference between the cost limitations prescribed in subsection (5) and the actual cost of construction per family dwelling unit or per room during the period of building construction. The House amendment modified this provision so as to provide that the amount to be so paid, or caused to be paid, should be such proportion of the total development cost of the project as the amount of the average actual cost per family dwelling unit of the items covered by the applicable cost limitations prescribed in subsection (5) in excess thereof bears to such average actual cost; and a proviso was added to the effect that the amount of any such payment should be excluded from the base on which the maximum amount of any capital grants, loans, or annual contributions authorized by such act are calculated. The Senate recedes.

Amendment No. 2: This amendment added to the bill a section 2 which inserted at the end of the second sentence of section 2 (1) of the United States Housing Act of 1937 a proviso prohibiting the Federal Public Housing Authority and all officers and employees thereof, during the period from the time of taking effect of the proviso until February 29, 1948, (1) from initiating or maintaining any action or proceeding to recover possession of any housing accommodations administered by such Authority, if such action or proceeding is based upon the fact that the income of the occupants of such housing accommodations exceeds the allowable maximum, and (2) from in any manner requiring any State or local public housing agency to take any action to recover possession of any housing accommodations administered by such agency, if the basis for requiring the State or local public housing agency to take such action is the fact that the income of the occupants of such housing accommodations exceeds the allowable maximum, unless other adequate housing facilities are available for said occupants. The Senate bill contained no similar provision.

The committee of conference have agreed upon a substitute for the House section which provides that the United States or any State or local public agency assisted by Federal funds made available with respect to housing shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations (except as provided in the proviso of sec. 209 (b) of the Housing and Rent Act of 1947) operated by it where such action or proceeding is authorized by the statute or regulations under which such accommodations are administered, but no such action or proceeding shall be maintained prior to March 1, 1948, if in the opinion of the administering authority such action or proceeding would result in undue hardship for the occupants of such housing accommodations, or unless in the opinion of such authority other housing facilities are available for such occupants.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 148) to authorize the temporary continuation of regulation of consumer credit, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the joint resolution and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That after November 1, 1947, the Board of Governors of the Federal Reserve System shall not exercise consumer credit controls pursuant to Executive Order Numbered 8843, and no such consumer credit controls shall be exercised after such date except during the time of war beginning after the date of enactment of this joint resolution or any national emergency declared by the President after the date of enactment of this joint resolution."

And the House agree to the same.

That the House recede from its amendment to the title.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House

HOMER CAPEHART,
RALPH E. FLANDERS,
JOHN BRICKER,
A. WILLIS ROBERTSON,
BURNET R. MAYBANK,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 148) to authorize the temporary continuation of regulation of consumer credit, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate joint resolution authorized the Board of Governors of the Federal Reserve System to continue to exercise consumer credit controls pursuant to Executive Order No. 8843 until December 31, 1947, with the proviso that no such regulations should fix a maximum maturity of installment credit of less than 24 months or require a down payment in excess of 20 percent of the purchase price. It further provided that except during any war beginning after December 31, 1947, or any national emergency proclaimed by the President after such date, no such consumer credit controls should be exercised after such date.

The House amendment struck out all of the Senate joint resolution after the enacting clause and inserted an amendment in the nature of a substitute providing that after the date of enactment of the joint resolution the Board of Governors of the Federal Reserve System shall not exercise consumer credit controls pursuant to Executive Order No. 8843 and, except during the time of war beginning after the date of enactment of the joint resolution or any national emergency declared by the President after the date of enactment of the joint resolution, no such consumer credit controls shall be exercised hereafter.

The substitute agreed to in conference provides that after November 1, 1947, the Board of Governors of the Federal Reserve System shall not exercise consumer credit controls pursuant to Executive Order No. 8843, and that no such consumer credit controls shall be exercised after such date except during the time of war beginning after

the date of enactment of this joint resolution or any national emergency declared by the President after the date of enactment of this joint resolution.

The House recedes from its amendment to the title.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

Mr. ANDREWS of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ANDREWS of New York. May I ask the minority leader if the policy which he announced would apply for the rest of the day so far as any unanimous-consent requests are concerned would apply to requests to take bills from the Speaker's desk which have passed the House unanimously for the purpose of agreeing to those bills with Senate amendments.

Mr. RAYBURN. My objection would apply to that also.

Mr. ANDREWS of New York. Would that be in force tomorrow also?

Mr. RAYBURN. That is a question that somebody else can answer besides me.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3131) entitled "An act to extend for the period of 1 year the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended."

The message also announced that the Senate recedes from its amendment No. 2 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 758) entitled "An act to promote the national security by providing for a National Security Organization, which shall be administered by a Secretary of National Security, and for a Department of the Army, a Department of the Navy, and a Department of the Air Force within the National Security Organization, and for the coordination of the activities of the National Security Organization with other departments and agencies of the Government concerned with the national security."

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1721. An act conferring jurisdiction upon the United States District Court for the Western District of Washington to hear, determine, and render judgment upon any claim arising out of injuries sustained by C. R. Below, late of Seattle, Wash.

GOVERNMENT CORPORATIONS APPROPRIATION BILL

Mr. PLOESER submitted the following conference report and statement on the

bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, 26, 29, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, and 31, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$18,700,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$5,000,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "one hundred and sixty-one"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That of said unexpended, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In line 13 of said amendment strike out the figure "\$4,714,397" and insert in lieu thereof the following: "\$4,125,000; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$4,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,299,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net

income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June 30, 1958, and in such succeeding ten-year period until the aforesaid total of \$348,299,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

"Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,400,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,250,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$11,500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That \$175,000 shall be available only for the audit and revision of past accounting records"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof the following: "\$250,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress for the fiscal year 1949 and each year thereafter shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions

of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 308. Section 101 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed ownership Government corporations: (1) the Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, so long as these corporations have funds of or loans from the Government of the United States."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9 and 21.

WALTER C. FLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, JR.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
RICHARD B. RUSSELL,
JOHN H. OVERTON,
KENNETH S. WHERRY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—DIRECT APPROPRIATIONS

Amendment No. 1 appropriates \$18,700,000 for the Tennessee Valley Authority, instead of \$22,143,500 as proposed by the House and \$13,117,521 as proposed by the Senate.

Amendment No. 2 restores the House language making available not to exceed \$3,253,979 of the appropriation for the Tennessee Valley Authority for the construction of South Holston and Watauga Dams.

Amendments Nos. 3 and 4 earmark not to exceed \$5,000,000 of the appropriation for the Tennessee Valley Authority for chemical plant, instead of \$6,686,000 as proposed by the House and \$3,000,000 as proposed by the Senate; and deletes language proposed by the House and language proposed by the Senate which would have imposed unworkable restrictions upon the use of the funds so earmarked.

Amendment No. 5 strikes out the authority for the Tennessee Valley Authority to purchase aircraft as proposed by the Senate.

Amendment No. 6 authorizes the Tennessee Valley Authority to purchase 161 automobiles,

instead of 221 as proposed by the House and 100 as proposed by the Senate.

Amendment No. 7 inserts the provision of the Senate earmarking \$12,000,000 of the 1947 reappropriated balance of the Tennessee Valley Authority for the construction of the Watauga and South Holston Dams, amended to provide that "not less than" \$12,000,000 of such balance shall be available for such construction.

Amendment No. 8 appropriates for the Office of the Housing Expediter \$4,125,000, instead of \$3,539,080 as proposed by the House and \$4,714,397 as proposed by the Senate. The amount proposed by the House was earmarked for liquidation of this Office, and the increased amount is to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 prior to completion of such liquidation.

Amendment No. 9, relating to salaries and expenses, Office of the Administrator, National Housing Agency, is reported in disagreement.

Amendment No. 10 appropriates \$4,000,000 for the payment of contributions to public housing agencies, instead of \$2,200,000 as proposed by the House and \$5,700,000 as proposed by the Senate.

Amendment No. 11 strikes out the provision that no part of the appropriation for the payment of annual contributions to public housing agencies shall be used to pay such contributions unless the amount otherwise due is reduced by one-half the outstanding reserves on the books of such agency. It is the intention of the managers on the part of the two Houses that the reserves on hand be utilized by the respective agencies for the purposes for which such reserves were created. It is further intended by the managers that the Federal Public Housing Authority shall so exercise its authority with respect to local housing agencies as to effect and maintain a reduction in the amount of the reserves maintained by individual housing agencies as may be excessive.

TITLE II

Amendment No. 12 corrects an error in printing.

Amendment No. 13 restores the proposal of the House whereby the Tennessee Valley Authority is required to pay to the Treasury over a period of 40 years the amount of \$348,239,240 representing the Federal Investment in its power facilities, and requiring that one-fourth of such amount be paid in each 10-year period of such 40 years; but amends such proposal by striking out the requirement that not less than 40 percent of its net power income be paid into the Treasury each year.

Amendment No. 14 provides that not to exceed \$1,400,000 of the funds available to the Federal Home Loan Bank Administration may be used for administrative expenses, instead of not to exceed \$1,250,000 as proposed by the House and not to exceed \$1,550,000 as proposed by the Senate.

Amendment No. 15 provides that not to exceed \$3,250,000 of the funds available to the Home Owners' Loan Corporation may be used for administrative expenses, instead of not to exceed \$3,000,000 as proposed by the House and not to exceed \$3,500,000 as proposed by the Senate.

Amendment No. 16 provides that not to exceed \$20,000,000 of the funds of the Federal Housing Administration may be used for administrative expenses as proposed by the Senate, instead of not to exceed \$17,624,000 as proposed by the House.

Amendment No. 17 provides that the amounts available to the Federal Public Housing Authority for administrative expenses shall include not to exceed \$2,200,000 of the funds available for administrative expenses for the United States Housing Act program as proposed by the House, in-

stead of not to exceed \$2,700,000 as proposed by the Senate.

Amendment No. 18 provides that not to exceed \$11,500,000 of the funds available to the Federal Public Housing Authority may be used for administrative expenses, instead of not to exceed \$10,400,000 as proposed by the House and not to exceed \$13,000,000 as proposed by the Senate.

Amendment No. 19 restores the House provision whereby the number of officers and employees of the Federal Public Housing Authority receiving compensation in excess of \$4,500 per annum shall not exceed 20 percent of the total number of employees of the Authority.

Amendment No. 20 provides that \$175,000 of the funds available to the Federal Public Housing Authority shall be available for the audit and revision of past accounting records as proposed by the Senate; and, as amended, "only" for such audit and revision.

Amendment No. 21, relating to the Defense Homes Corporation, is reported in disagreement.

Amendment No. 22 inserts the provision of the Senate for costs of penalty mail for the National Housing Agency by transfer from funds available for administrative expenses of the Office of the Administrator and the constituent units of the agency, amended to provide for such transfers in an amount not not exceeding \$250,000 instead of \$290,600 as proposed by the Senate.

Amendment No. 23 provides that not to exceed \$400,000 of the administrative expense funds of the Federal Farm Mortgage Corporation shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate; instead of \$275,000 as proposed by the House.

Amendment No. 24 restores the House provision permitting the Federal intermediate credit banks to purchase not to exceed 10 automobiles.

Amendment No. 25 provides that not to exceed \$181,250 of the administrative expense funds of the Federal intermediate credit banks shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$125,000 as proposed by the House.

Amendment No. 26 provides that the production credit corporations may purchase not to exceed 15 automobiles as proposed by the House instead of not to exceed 5 as proposed by the Senate.

Amendment No. 27 provides that not to exceed \$232,000 of the administrative expense funds of the production credit corporations shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$160,000 as proposed by the House.

Amendment No. 28 provides that not to exceed \$29,000 of the administrative expense funds of the Regional Agricultural Credit Corporation of Washington, D. C., shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$20,000 as proposed by the House.

Amendment No. 29 strikes out the provision proposed by the Senate authorizing the Virgin Islands Company to borrow \$500,000 from the Treasury of the United States.

TITLE III

Amendment No. 30 strikes out the provision proposed by the House whereby no funds of any corporation or agency included in the accompanying bill may be used to pay other than a Government agency for an independent audit unless approved by the Comptroller General.

Amendment No. 31 provides that with respect to the transfer of title to office buildings at the seat of government to the United States, as required by section 306 of the ac-

companying bill, the Administrator of the Federal Works Agency shall make a final determination of the value of the property in case of disagreement by the Secretary of the Treasury and the head of the transferor corporation, as proposed by the Senate.

Amendment No. 32 restores the language proposed by the House amending section 104 of the Government Corporation Control Act of 1945; but with amendments thereto providing that the budget programs transmitted by the President to the Congress thereunder shall be "for the fiscal year 1949 and each year thereafter"; changing the words "making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine" to read "making available for expenditure for operating and administrative expenses such corporate funds or other financial resources" etc.; and striking out the words "Except as provided in such legislation" which preceded the words "the provisions of this section shall not be construed as preventing" etc.

Amendment No. 33 restores the language proposed by the House amending section 101 of the Government Corporation Control Act of 1945 but with an amendment at the end of such language, "so long as these corporations have funds of or loans from the Government of the United States."

Amendment No. 34 changes the section number to conform with the action taken on previous amendments.

AMENDMENTS IN DISAGREEMENT

Amendment No. 9 relates to salaries and expenses, Office of the Administrator, National Housing Agency. The managers on the part of the House have authorized a motion that the House recede from its disagreement to the amendment of the Senate and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by the said amendment insert the following: "Provided further, That there shall be transferred to this account not to exceed \$765,000 of the funds available under sections 303 and 502 of Public Law 849, Seventy-sixth Congress, as amended; such total funds to be available for all necessary administrative expenses of the Office of the Administrator."

Amendment No. 21 relates to the Defense Homes Corporation. The managers on the part of the House have authorized a motion that the House recede and concur in the Senate amendment.

WALTER C. FLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, Jr.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

Mr. FLOESER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. SABATH. Mr. Speaker, reserving the right to object, I would like to have some information from the gentleman as to what it contains.

Mr. FLOESER. It is a unanimous report on the part of the conferees on the Government corporations appropriation bill.

Mr. SABATH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

Mr. PLOESER. Mr. Speaker, this is the result of the conference between the two bodies on the Government corporations appropriation bill. There is no point of this report in which the House and Senate are in actual disagreement. There is a parliamentary situation which calls for a technical disagreement on two amendments, but outside of that we are in agreement.

The bill as it stands now is, in actual appropriations out of the Treasury \$35,040,000, whereas it originally passed the House at \$30,097,000. For those administrative expenses which were authorized and limited, that did not come out of the Treasury but out of the capital funds or operating funds of the various Government corporations, the conferees have agreed on \$45,535,000 as compared to an original passage in the House of \$41,649,000 and as compared to passage in the Senate of \$47,235,000.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. AUGUST H. ANDRESEN. There was controversy over sections 307 and 308. Will the gentleman advise the House what was done with these sections by the conferees?

Mr. PLOESER. I shall be most happy to. Section 307 of the bill as it left the House was language which intended to make more clear the language which was contained in section 104 of the Government Corporations Control Act of 1945. Changes made in the conferences in this language, I think, meet the objections of all the objectors. As the language comes from the conference it means what we thought it meant when it left the House. It, however, seems to be more satisfactory to more people and the conferees are unanimously satisfied with the work they have done.

Section 308 adds certain additional corporations, mixed ownership corporations, to the same Government control of budgeting that applies to certain other mixed corporations and all wholly owned Government corporations.

Mr. AUGUST H. ANDRESEN. Does it take in the Federal Deposit Insurance Corporation?

Mr. PLOESER. It does take in the Federal Deposit Insurance Corporation. It takes in the Central Bank for Cooperatives and the Regional Bank for Cooperatives, and the Federal Home Loan Banks.

Mr. AUGUST H. ANDRESEN. Is the gentleman of the opinion that the limitations placed in the conference report upon these cooperative lending agencies and on the FDIC will not be a restriction upon their activities so that they can do legitimate business?

Mr. PLOESER. The bill as it left the House did not prevent any of them from doing anything that was authorized in the authority setting them up as corporations. That seemed to point up some discussion and some differences of opinion. I am expressing now the intent on the part of the House and on the part of the Appropriations Committee.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Attention might be called to the fact that in the conference report which results in the bringing in of these mixed corporations action is deferred until the fiscal year 1949. If in the meantime FEIP wants to pay back the amount of Federal funds it has, it will be exempted. All are exempted until the fiscal year 1949. In the meantime, there will be full and complete hearings to determine whether any change shall be in order. Whether there will be or not I do not know but they are under control up to the fiscal year 1949.

Mr. PLOESER. As a matter of fact, the statement the gentleman from Mississippi has just made not only applies to these mixed corporations that are here put into the bill by this action, but it also liberalizes the same provision so far as all other Government corporations already in the act are concerned. In other words, any corporation that has paid out into private hands and gets out from Government ownership or out of Government credit is permitted to go on its own, which was one of the original intentions of the Government Corporations Control Act. It applies to banks, cooperatives, farm and home loan banks, and so forth.

Mr. AUGUST H. ANDRESEN. Does the gentleman feel it would be in the purview of the jurisdiction of the House Committee on Agriculture to pass legislation on the extent of the operation of these corporations without interfering with the jurisdiction of the Appropriations Committee?

Mr. PLOESER. Well, I imagine the gentleman is most serious in his question.

Mr. AUGUST H. ANDRESEN. I certainly am because this is legislation on an appropriation bill.

Mr. PLOESER. There is no question about that.

Mr. AUGUST H. ANDRESEN. We think, and I say this in all kindness, that the legislative committee should have opportunity to examine it and to work cooperatively with the Appropriations Committee.

Mr. PLOESER. I may say to the gentleman that the legislation contained in this bill was given a rule unanimously by the Rules Committee, it passed the House unanimously and, furthermore, it is an amendment to the Government Corporations Control Act which did not come out of the Committee on Agriculture but came out of the Committee on Executive Expenditures. It was cleared with the chairman of that committee before a rule was requested and likewise cleared with the chairman of the Banking and Currency Committee in the event

there might be some confusion as to jurisdiction.

Mr. AUGUST H. ANDRESEN. I recognize, of course, due to the Reorganization Act there are some jurisdictional questions involved on legislation. The Committee on Agriculture, however, is supposed to have jurisdiction over farm credit.

Mr. PLOESER. We have no objection to that and do not seek to change the situation.

Mr. AUGUST H. ANDRESEN. We hope the Appropriations Committee will recognize that shortly.

Mr. PLOESER. The Appropriations Committee not only recognizes it but is agreeable.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Kansas.

Mr. HOPE. Will the gentleman be a little more explicit in stating just what changes have been made in the conference report as far as section 307 is concerned?

Mr. PLOESER. I think I can. It is unfortunate there is not a printed bill and the gentleman could not read the changes, but I will do the best I can.

The old language of the bill read in this fashion:

Sec. 307. Section 104 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended to read as follows:

"Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. Except as provided in such legislation, the provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal year limitations, as such authority may be necessary to the execution of an approved budget program."

The House conferees thought one way about that language. It seemed to confuse some people, and the language was changed in this regard:

The budget programs transmitted by the President to the Congress for the fiscal year 1949 and each year thereafter shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends.

It was here that some of the language was doubted, because we had the language "as provided in such legislation" which we deleted. It now reads:

The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their

activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any

We took out "wholly owned."

Government corporation to make contracts or other commitments without reference to fiscal year limitations

Now, that apparently is language which satisfies every one who seemed to raise some doubt. We think that as a result of the conference we probably achieved the same result as the bill had when it left the House. Perhaps there is a difference of opinion. We were happy to yield to a change in language, but there was no change in substance intended.

Mr. HOPE. Does the gentleman mean by that that as far as the House conferees are concerned their position is exactly the same as it was when the bill was before the House?

Mr. PLOESER. Our position is substantially the same. What did the gentleman doubt about our position? Maybe he might ask a specific question.

Mr. HOPE. Well, the language has been changed. Do I understand that the gentleman is saying that changes in the language do not mean anything?

Mr. PLOESER. Of course, I do not say that, and you could not by any stretch of the imagination get that sort of a meaning from what I said. I said we have made certain language changes which satisfy every one. Now, there is more than one way of saying that a dress is beautiful. You might say it one way and I might say it another. This language seems to satisfy every one, the doubting ones and those that do not doubt.

Mr. HOPE. I am not being critical of the gentleman. I prefer the language that the conferees have brought back. I think it is more explicit.

Mr. PLOESER. I think myself it is an improvement. I am sure my good friend would never be unfairly critical.

Mr. HOPE. But I understood the gentleman to say that he did not think that it made any change in the actual meaning of the section and that was what bothered me.

Mr. PLOESER. The intention on the part of the committee and on the part of the House was not to interfere with the proper legal operation of any of these corporations.

Mr. HOPE. I am glad to have the gentleman's assurance on that point.

Mr. KEFAUVER. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Tennessee.

Mr. KEFAUVER. As the gentleman knows, I have had a great deal of interest in this bill and in this conference report particularly as it affects the Tennessee Valley Authority. I had examined the bill as amended by the conference committee and have studied the conference report before it was read to the House. I had rather the Senate position be sustained and that no legislation be written in this bill but if that cannot be and since there must be some legislation I think the

House conferees have done a very good job in working out their differences with the Senate. If my understanding of it is correct, I am entirely satisfied with it. I feel that under the conference agreement the TVA's integrity is not damaged.

Mr. PLOESER. If the gentleman will permit me to say we did not do all we hoped to do, but we did the best we could.

Mr. KEFAUVER. I did want to ask the gentleman two or three questions. First, in connection with amendment No. 13, on page 8, regarding the amortization provision of the Tennessee Valley Authority. My objection to the original provision was that it was not actually a 40-year amortization; it would be left to the Appropriations Committee instead of to the Board of Directors of the TVA to decide the amount that had to be paid in each year. Under the original House provision, as I understood it, the Congress could have arrived at any amount it wished TVA to pay back by way of amortization so that TVA might have been required to pay out the investment in power in 20 or 25 years. As I understand, the present language provides that TVA pays the amount allocated to power back over a period of 40 years, and that this payment should be divided into four equal installments at the end of each 10 years and there is no provision for a definite yearly payment.

Mr. PLOESER. No; that is not exactly right.

The House passed the bill providing for a 40-year amortization with a provision that that amortization must be met exactly 25 percent in each 10 years, but in order to reach that amortization, 40 percent of the net income from power resources would be payable annually, in addition to the retirement of their bonded indebtedness, which amounts to \$2,500,000 a year. As it comes from the conference, the 40-year amortization remains in, the 10-year-periods provision requiring 25 percent to be cumulatively paid in each period remains in, but the requirement to pay 40 percent of the net revenue from power resources is out. That has a liberalizing effect in that it meets the argument, as I remember it, that the gentleman made in the House originally that there might be extreme years in which they would be hard pressed for operating expenses against their revenues, and it would be difficult for them to make any substantial payments. Of course, the 40 percent allowed that to fluctuate. Nevertheless, this eliminates the requirement of a 40-percent payment. If they are able to pay more than that in 1 year they can do so, but they must pay it within the 10 years. It does not have to be paid in one lump sum.

Mr. KEFAUVER. Do I understand, then, that as the matter now stands, as long as the Tennessee Valley Authority at the end of each 10-year period pays back one-fourth of its investment in power, discretion is left to the Board of Directors of the Tennessee Valley Authority as to the amount they pay during each of these 10 years?

Mr. PLOESER. That is right.

Mr. KEFAUVER. It was implied in the Appropriations Committee report, and I was afraid that the bill originally meant

that it would be on a year-to-year basis, and, of course, a year-to-year basis would be hamstringing the TVA terribly.

Mr. PLOESER. The bill originally did mean that they made an annual payment equal to at least 40 percent of the net revenue.

Mr. KEFAUVER. But as long as they meet a one-fourth payment of the full amount each 10 years, discretion is in the hands of TVA as to the amount they pay each year?

Mr. PLOESER. In addition, it must not be forgotten that they retire \$2,500,000 of their bonds every year.

Mr. KEFAUVER. I know. That is a contractual obligation. But so far as the balance is concerned, it is in their discretion just so they meet their quarterly payment at the end of 10 years.

Mr. PLOESER. When the conference agreed on that, I could not help but think that the gentleman from Tennessee would be more happy.

Mr. KEFAUVER. I do appreciate the desire of the gentleman from Missouri to make me happy and I am very well satisfied if not happy. Also in connection with amendment 32 the gentleman says: "Page 31, line 5, with the words 'except as provided in such legislation' have been stricken from the bill." Is that correct?

Mr. PLOESER. That is correct.

Mr. KEFAUVER. Then, as I understand, the result of that deletion would be that any legislation affecting section 26 of the TVA act is still left under the jurisdiction of the Committee on Expenditures in the Executive Departments.

Mr. PLOESER. We have removed the jurisdiction from no committee. We have merely amended the Government Corporations Control Act and the TVA Authority has the same exemption that it had in the original Government Corporations Control Act.

Mr. KEFAUVER. I just wanted to be assured of the fact that the TVA then would not be on a year-to-year basis and that any change in section 26 would have to be by virtue of a bill duly filed which would come before the Committee on Expenditures and brought up and considered here.

Mr. PLOESER. Amendments to section 26 would go to whatever committee handled the TVA Authority, but an amendment to the Government Corporations Control Act would go to the Committee on Expenditures.

Mr. KEFAUVER. I mean any amendment to Public Law 248 which is the Government Corporations Control Act.

Mr. PLOESER. The language we used is the exact language of the Government Corporations Control Act.

Mr. KEFAUVER. Also, it was not stated in the statement by the managers on the part of the House, and I know this is a detail, but, as I understand it, on lines 14 and 15 on page 31 at the end of section 307, the language "as such authority may be necessary to the execution of an approved budget program" has been stricken out of the bill. Is that correct?

Mr. PLOESER. It reads, "The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make

contracts or other commitments without reference to fiscal-year limitations."

We pretty well conformed to the language of the Government Corporations Control Act. But there was always ambiguity in section 104.

Mr. KEFAUVER. I had feared this language would seriously impede the TVA in carrying out its necessary operations, which might not be under an approved budget program. I am glad this clause has been removed from the bill. In general all of the provisions in the original House bill to which I objected as being injurious to TVA have been removed. As I said before, I see no need of the amortization plan nor of section 307, but since the objections I made to the amortization plan have been removed and since section 307 does not apply to TVA, I can make no objection to the conference report. In fact, I think, in view of the differences in the bill as it passed the Senate and House, the gentlemen of the subcommittee have done an excellent job in settling the differences. I wish to congratulate both the majority and minority members of the committee for the work they have done.

—Mr. PLOESER. Thank you. We appreciate a kind word.

Mr. Speaker, I yield to my distinguished colleague the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Speaker, it is a matter of regret that these sections, section 307 and section 308, cannot be immediately and completely eliminated. They propose a drastic change in law and constitute a backward step in the long and toilsome march toward agricultural equality and a decent American standard of living.

An accurate estimate of the deleterious effect of these proposals may be gleaned from the following excerpts taken from statements by the national farm organizations. So far as I know, not a single farm organization in America approves of these two legislative riders on the pending appropriation bill.

President Edward A. O'Neal, president of the American Farm Bureau Federation, in testifying before a Senate committee on June 27, said:

Farmers are shocked and alarmed over the provisions in the Government Corporations Appropriations Act as passed by the House, amending the Government Corporations Control Act, to strike at the heart of basic farm programs which are authorized in basic laws which have been on the statute books for a great many years.

We deeply resent the drastic and unjustifiable action taken by the House in using the appropriations bill as a vehicle for legislation to change basic laws and to permit the crippling of farm programs specifically authorized by law.

I refer specifically to section 307 of H. R. 3756 which amends the Government Corporations Control Act so as to require Congress to pass upon and approve the programs and budget, including the loan programs of these corporations; to limit the use of their corporate funds or other financial resources and to provide for repayment of capital funds and dividends irrespective of the statutory authority governing the leading programs and other operations of these corporations. I also refer to section 308 of H. R. 3756 which would apply the same restrictions to mixed ownership Government

Corporations, such as the Central Bank for Cooperatives and the regional banks for cooperatives, as the act applies to wholly owned Government corporations.

This issue was thoroughly discussed when the Government Corporations Act was before Congress and Congress decided at that time that these corporations should be permitted to carry on their operations and responsibilities to the extent and in the manner provided and authorized by basic statutes governing their activities, and that those corporations would merely be required to submit their programs for review by the Budget Bureau and Congress to determine whether they are in accordance with the provisions of the statutes.

Some questions with respect to the interpretation of the law arose last year during the consideration of the Government Corporations Appropriations Act and the entire matter was carefully reviewed by the House Appropriations Committee and a very satisfactory agreement was reached as to the manner in which these appropriations should be handled. We heartily approved of the action taken last year in handling this matter in the Government Corporations Appropriations Act. We were therefore greatly shocked when the House Appropriations Committee this year completely reversed its position and went so far as to include an amendment to the basic law in the appropriations bill. Any such far reaching revisions in the basic laws should be given thorough consideration and be the subject of public hearings before the appropriate legislative committee, especially when these changes represent a complete reversal of the intent of the original law and when they effect vitally the welfare of millions of farm people.

Mr. A. S. Goss, master of the National Grange; Mr. Charles W. Holman, secretary of the National Cooperative Milk Producers Federation, and Mr. John H. Davis, executive secretary of the National Council of Farmer Cooperatives, issued a joint statement on the effect of section 307 and 308 on agricultural credit, as follows:

Government lending corporations fall into two groups: The first includes those created by Congress under basic legislation which provides ample safeguards in detail for the borrowers, the lenders, the public, and the Government. The second includes those either created directly through legislation, or set up by Executive order, or otherwise, without adequate safeguards. The operations of such corporations have been adequately safeguarded in the public interest through the Byrd-Butler bill of the Seventy-ninth Congress.

Sections 307 and 308 of the House bill undermine a Federal policy of over 30 years standing—a policy designed to build up a farm-credit system owned and controlled by farmers in order to provide themselves and their cooperatives an assured source of credit under fair competitive treatment.

It now develops that some members of the House Appropriations Subcommittee on Government Corporations have been working for 18 months on the provisions embodied in sections 307 and 308. Despite this long study and preparation, the provisions were sprung on the Congress without allowing the farmer borrowers affected by the proposed drastic changes any opportunity whatsoever for public hearing.

Enactment of sections 307 and 308 would be legislation written into an appropriation bill by an appropriation committee, without public hearing in the House on the legislation involved. It is, therefore, a fundamental issue. It cannot be solved by exempting certain corporations from the effect of the legislation, as has been forcefully

pointed out in the report of the Senate Appropriations Committee on the bill. It is an issue that can only be solved by eliminating the two sections in their entirety.

ANALYSIS OF SECTION 307

A. Section 307 provides annual fiscal year limitations and restrictions on:

1. Administrative expenses: The total amount that can be used and for what purpose it may be used.

2. Capital: Total amount that can be used, and the amount that must be returned to the Treasury.

3. Surplus: Total amount to remain for use during the fiscal year and the amount to be declared as dividends to the Treasury.

4. Loans: Total amount of loans that can be made; total amount that could be outstanding at any time; and the kind of loans that can be made.

5. Borrowings: Total sums that can be borrowed on debenture sales and borrowed from commercial banks, and the amount that can be outstanding at any time.

B. In the Farm Credit Administration, the wholly owned corporations with adequate basic legislation are:

1. Federal intermediate credit banks.

2. Production credit corporations.

3. Federal Farm Mortgage Corporation.

C. Effect of section 307 on operation of Federal intermediate credit banks.

1. Commitments to borrowers such as production credit associations, agricultural credit corporations, commercial banks, and banks for cooperatives, could not be given until all items under "A" above are authorized in an annual appropriation bill. It would be impossible for the appropriations committee or any other committee to determine annually with accuracy the credit requirements for agriculture 18 months in advance.

2. Purchasers of debentures might well hesitate to buy debentures that matured beyond a fiscal-year date because the capital and surplus of the banks might be withdrawn before the debentures matured. This restriction might cause an increase in the cost of debenture money to the banks, hence, an increase in interest costs to farmers.

3. Production credit associations and the banks for cooperatives obtain their major supply of lending funds by rediscounting farmers' loans with the FICB's. By limiting or restricting the borrowing and lending amounts of the FICB's, the lending resources of the PCA's and the banks for cooperatives the needed loanable funds might not be available.

D. Effect of section 307 on operations of Production Credit Corporation:

1. Ownership by farmers of production credit associations could be materially retarded and many PCA's crippled if severe limitations or heavy withdrawals of capital were made during fiscal year periods.

2. Supervision of PCA's by PCC's might be restricted so that PCA's would become unsound in credit policies to a point of jeopardizing the Government's and the farmers' capital in their associations.

E. Effect of section 307 on operations of Federal Farm Mortgage Corporation:

Although not making loans now, the Corporation will need ample administration-expense funds for the collection of outstanding farmers' loans, some of which mature each year for the next 20 years. The amount necessary varies widely with crop and price conditions, and requires the flexibility provided in the basic law.

ANALYSIS OF SECTION 308

Section 308 would place the central and regional banks for cooperatives which are mixed ownership corporations, under the limitations outlined under "A" above. True, the present law does not provide an adequate basis whereby the farmers' cooperatives—the borrowers—can acquire eventual

ownership. But these cooperatives desire the law to be amended so that they can eventually own these banks and assume the responsibility and authority for their operations under general supervision of the Government.

Present basic laws authorize these banks to make loans only to farmers' cooperative marketing associations, farmers' purchasing associations, and farmers' business service enterprises.

Until fiscal year authorizations were approved, no firm loan commitments could be made to borrower associations for the seasonal marketing of farm commodities, for providing fertilizer, seeds, feeds, and other farm supplies, or for rendering farm business services such as those of mutual irrigation associations, freezer locker plants, etc.

Intermediate or long-term financing of from 1 to 3 years or long-term financing running for a long period of years—for processing, storing, and other facilities—would be hazardous because of the uncertainty of future seasonal operating and commodity and facility loans required.

Farmers, and their cooperative enterprises, would hesitate to invest their money in the capital of the banks if these restrictions were present. The life of the banks and their usefulness would be too uncertain. Plans are being made for submitting amendments to the present laws in order that this ownership may become realistic. Placing the banks under the proposed restrictions would not permit borrowers to assume responsibility and authority in operating the banks which they would demand if they put in the funds to own the banks eventually as is their present long-time objective.

GENERAL

Sections 307 and 308 reverse a 30-year trend of congressional action which has pointed toward ownership and control of these farm-credit institutions by their users—the farmers and farmers' cooperatives. The proposed limitations, restrictions, and controls of sections 307 and 308 can lead only to the Treasury as the source for all lending funds instead of leading toward the goal of complete capitalization by farmers.

We, therefore, request your cooperation in having sections 307 and 308 stricken from the Government's corporations appropriation bill, H. R. 3756, now in conference.

Mr. F. V. Heinkel, president of the Missouri Farmers Association, recently issued the following statement:

The charge that cooperatives live on Government credit is not even a half-truth. It is true that the Government has set up a number of banks for cooperatives, guaranteed by Government credit, and designed especially to meet the peculiar needs of farmer cooperatives. But cooperatives have to give a first mortgage when they borrow money from the St. Louis Bank for Cooperatives (the bank which serves Missouri), and we pay interest, too. We are proud to say that this bank has never lost a cent on an MFA loan. The rates of interest are 3½ percent for facility loans and 2½ percent for working capital loans. Our cooperatives also do business with local banks, as your banker can tell you. We even borrow money from local banks at times on better terms than we can borrow it from the St. Louis Bank for Cooperatives.

But even if we could, at all times, borrow money from the St. Louis Bank for Cooperatives for less than we could borrow the money locally, I ask you, is this anything for us to apologize for?

Is it any more special privilege than the Federal Deposit Insurance Corporation, set up by the Government, to help out our local banks?

Or, is it any more favoritism than the Reconstruction Finance Corporation set up by Government to aid business?

Or, than the minimum wage-hour law enacted by Government to help labor?

Or, than the high tariff wall established by Government to aid manufacturers?

And Mr. H. E. Slusher, president of the Missouri Farm Bureau, writes in a letter just received:

Our Missouri farm people are particularly concerned as the bill might apply to our Farm Credit agencies and the Commodity Credit Corporations. I think it would be a grave mistake to disrupt the functions of as successful a corporation or program as our Farm Credit system, including the Federal intermediate credit banks, production credit corporations, central banks for cooperatives, regional banks for cooperatives, and the Federal land banks. For the first time, the Federal land banks are now owned by the borrowers. Furthermore, the Commodity Credit Corporation is the very heart of our present farm program insofar as maintaining support prices is concerned. We recognize that the operations of these corporations need to be scrutinized and held responsible to the Congress. Nevertheless, the provisions contained in H. R. 3756, particularly sections 307 and 308 would virtually make unworkable these programs. It is to be hoped that everything possible will be done to prevent such a thing happening to these particular Government corporations, the operation of which have such a direct bearing on the welfare of our farm people.

Sincerely,

MISSOURI FARM BUREAU FEDERATION,
H. E. SLUSHER, President.

Mr. Speaker, the farm press and the farm organizations of the country are unanimous in their opposition to sections 307 and 308 as carried in this bill. I know of no farm paper or farm official who entertains any different view and who is not deeply concerned over this proposed attempt to change the basic law affecting the farmer. Certainly no one is better qualified to render an authoritative opinion.

However, in view of the stalemate which has developed in the conference, the compromise incorporated in the conference report is perhaps the best agreement that can be reached. Under its provisions the entire matter is deferred on year pending legislative action by the Congress. In the meantime there will be opportunity to write legislation will preserve the rights and benefits accruing from the original law both to the farmer and the country.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Speaker, I commend the gentleman from Missouri for his able handling of this bill. He has recently succeeded our distinguished former chairman, the gentleman from Iowa [Mr. JENSEN]. I wish to say further that on the Democratic side in the handling of this bill the gentleman from Mississippi [Mr. WHITTEN] and the gentleman from Tennessee [Mr. GORE] have done the major portion of the work, most of my time having been given to other bills which were pending simultaneously.

It is true that this bill is not as we on the Democratic side would have written it in all respects. We just did the best we could with the problems which we had before us.

I am not in accord with sections 307 and 308 of this bill. I have grave concern about section 308 particularly, but

in view of the compromises which were reached it seems to me that some improvement has been made. I was not completely satisfied with the way the TVA was handled. The gentleman from Mississippi [Mr. WHITTEN] and the gentleman from Tennessee [Mr. GORE], ably assisted by the gentlemen on the majority side, did the best they could, and we all did the best we could to maintain the position of the House on the TVA items.

On most items I think, generally speaking, a good job has been done, and there is hardly any course open to us at this stage of the procedure than to accept the conference report.

Mr. PLOESER. I thank the gentleman from Texas [Mr. MAHON] ranking member of the minority on this committee. I want to say that the cooperation which the majority on this committee has received this year from the minority members has been most exceptional. In our conference, at times most difficult with the other body, the House, line held, unless we thought it was strategic and proper to yield. We have done the best we could. I am grateful for the fine cooperation we have received.

I want to say one more thing on this section 308. There has been some discussion of how it applies to the Federal Deposit Insurance Corporation, and there were statements made in the beginning that this would make them bring up their estimated losses for a given future period, to be approved in the budget estimate. Of course that is not true. We are dealing, in the FDIC, with administrative expenses. Losses and loss expense in an insurance company are not normal administrative expenses. They are potentials which cannot be foreseen, and in all the experience over hundreds of years in the insurance business no one would judge them as normal administrative expenditures. The result is that imagination allowed itself to run to the point where it caused considerable misunderstanding on that section. I wanted to make that statement so that it would clear up any doubts. There has been a full and complete statement on the subject, which I made before the Senate committee and later placed in the Appendix of the RECORD.

I now yield to the distinguished gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Speaker, I wish to take this opportunity of expressing my personal appreciation for the nonpartisan, thorough, and diligent study given to the problems related to this bill by the distinguished chairman of the subcommittee [Mr. PLOESER], the former distinguished chairman of the subcommittee [Mr. JENSEN], the distinguished gentleman from Oklahoma [Mr. SCHWABE], and the distinguished gentleman from New York [Mr. COUDERT]. For my Democratic colleagues I express the same appreciation.

We have worked hard. We have come here unanimously agreed. For that I am grateful.

Mr. PLOESER. Mr. Speaker, I think something should be said in behalf of the gentleman who was chairman of this committee when this bill passed the House, and who so ably guided it on its way to the Senate, the gentleman from

Iowa [Mr. JENSEN]. It is a rather unique situation, in that because of the resignation from Congress of the gentleman from Ohio [Mr. JONES], there was a shift in the chairmanship of this committee, the gentleman from Iowa [Mr. JENSEN] is now chairman of the Interior Department Subcommittee, and the ball was passed to me after we had scored once and were ready to make another score, we hope. The harmony on this committee and the fine work and spirit exemplified and the exceptionally fine leadership of the gentleman from Iowa [Mr. JENSEN] is responsible for a better job than we might otherwise have hoped for.

Mr. JENSEN. Mr. Speaker, it would not be fair for me to sit idly by and listen to these kind words in my behalf without saying "Thank you" to the minority members of the committee and to the majority members, all of whom have worked so diligently and so effectively to bring this most difficult bill to final agreement. No one appreciates it more than I do. The committee is now in good hands. The gentleman from Missouri [Mr. PLOESER] will handle it in a manner befitting the Congress of the United States.

Mr. PLOESER. Mr. Speaker, I yield such time as he may desire to the gentleman from Tennessee [Mr. KEFAUVER] to submit a consent request.

Mr. KEFAUVER. [Mr. Speaker, I think the conference report should be adopted. With regard to the TVA the situation is this: The House bill contained an amortization plan which I felt substantially nullified section 26 of the TVA act. It also contained a provision in section 307 which would give the Appropriations Committee authority to modify section 26 each year and thereby place TVA on a year-to-year basis. The Senate struck out both provisions. I hoped the Senate position would be sustained in conference. But the House conferees have taken out the objectionable part of the amortization plan and they have exempted TVA from section 307 and, therefore, I feel that the conference report is an acceptable agreement and settlement of the House and Senate differences. I think TVA's great contribution to the Nation has been recognized and I am glad its integrity has been fully sustained. I know that my colleague the gentleman from Tennessee, ALBERT GORE, and the other House Members, have had the best interest of TVA in mind during this entire proceeding and those of us interested in the cause of TVA are grateful to them.]

Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. The Chair cannot entertain a unanimous-consent request.

Mr. PLOESER. Mr. Speaker, I do not want to close consideration of this bill without once more referring to the distinguished service rendered by Mr. Claude Hobbs, executive clerk of the subcommittee, and by Mr. George Harvey, executive clerk of the Appropriations Committee. These men have worked arduously and served exceptionally well.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The conference report was agreed to. The SPEAKER. The Clerk will report the first amendment in disagreement. The Clerk read as follows:

Senate amendment No. 9: page 3, strike out all of lines 20 to 25, inclusive.

Mr. PLOESER. Mr. Speaker, I offer a motion to recede and concur with an amendment.

The Clerk read as follows:

Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate No. 9, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the said amendment insert the following: "Provided further, That there shall be transferred to this account not to exceed \$765,000 of the funds available under sections 303 and 502 of Public Law 849, Seventy-sixth Congress, as amended; such total funds to be available for all necessary administrative expenses of the Office of the Administrator."

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 21: Page 15, strike out all of lines 22 to 25, inclusive, and all of page 16, and line 1 and line 2 down to the word "it" on page 17 and insert "Not to exceed \$12,300 for the purposes of liquidation, including \$3,000 for payment of terminal leave, shall be available for administrative expenses, which shall be on an accrual basis: Provided, That such administrative expenses shall be exclusive of interest paid, depreciation, properly capitalized expenditures, repayment of loans, property operating expenses (including project inventory), charges to surplus and operating reserve, and cost of sales of commodities, services, and property: Provided further, That advances of funds made in connection with the operation of housing properties are hereby authorized."

Mr. PLOESER. Mr. Speaker, I move that the House recede and concur in the amendment of the Senate No. 21.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1948

Mr. DIRKSEN. Mr. Speaker, I call up the conference report on the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement of the managers.

(For conference report and statement, see proceedings of the House of July 22, 1947.)

Mr. DIRKSEN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, there is nothing particularly new that need be offered here by way of discussion on this conference report. I may say that once more the third branch of the legislative establishment known as the conference commit-

tee has spoken. It reached an agreement on all items. While there is one item technically in disagreement, it is in agreement, and I shall move directly with respect to that item to recede and concur with an amendment.

The first amendment that we had here before under discussion was penalty mail, but of necessity we could do nothing with it at the time until certain matters of policy in this Agricultural appropriation bill were finally disposed of. So the House recedes on it. There is an increase of \$300,000 on penalty mail and, I may say it will require some economies at that on the part of the Department of Agriculture in order to keep within the amount allowed.

The second item that was in disagreement when this matter was before the House was the item of meat inspection. You may recall it was the contention of the House this should be assessed against the industry in the form of a fee. There was a great deal of discussion, sometimes spirited discussion, in the committee on conference, but finally another body bowing to the superior wisdom of the House of Representatives finally receded. So beginning with the fiscal year 1948 meat inspection will be assessed against the industry. There will be an initial economy of \$6,000,000 and thereafter something in excess of \$11,000,000 a year.

The third item in disagreement was soil conservation payments. You may recall, of course, that the House finally concurred with an amendment offered by the gentleman from South Dakota [Mr. CASE] which modified the Senate figure somewhat but accepted the Senate language with respect to the 1947 conservation program and deleted the program for 1948. Here too we had a great deal of spirited discussion and the net upshot of the matter is that the Senate agreed as to the amounts for 1947 that are found in the so-called Case amendment. There was, however, a provision which standing alone after the deletion of the 1948 program, technically constituted a modification of the 1947 program to the extent that there would be a \$500 limitation upon payments. Obviously, since the contention has been made that we are already committed to this program, it would be difficult, indeed, to sustain any contention that that \$500 limitation should apply to 1947. So what we finally did was to agree with the Senate language and modify the figure downward somewhat and to agree to a 1948 crop-year program in the sum of \$150,000,000. In addition thereto we compromised also on the administrative part of it. In the House we agreed upon \$22,000,000. The Senate included \$27,500,000 for administrative expenditures at all levels, including National, State, county, and the community committees, embracing some 110,000 people altogether. The compromise figure is \$24,500,000, which should be adequate for all purposes in maintaining a field organization to carry on this so-called AAA soil-conservation payment program.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Georgia.

Mr. PACE. I would like to have the gentleman clear up one point for me. The gentleman has stated that the conference accepted the figure of \$228,000,000 voted by the House under the amendment offered by the gentleman from North Dakota. At the same time the conference report indicates the full amount as being \$265,000,000, which I understand is a carry-over.

Mr. DIRKSEN. There was an advance made by the Commodity Credit Corporation for the purpose of acquiring lining materials that they needed, and of that initial request for \$50,000,000, if I remember correctly, there is \$37,000,000 still available, so that money will be added to the money carried over.

Mr. PACE. The question I wanted to ask, does it not require any legislative language in the amendment to bring that about?

Mr. DIRKSEN. I do not believe so; at least, we felt that no further legislation was necessary in order to bring that about, because that money is already available on a relationship that has been worked out in the Department.

Mr. PLUMLEY. Mr. Speaker, if the gentleman will yield, that was part of the Senate total. They put no language in.

Mr. DIRKSEN. Exactly so, but it is agreed that that money is available for that purpose, and I think that is what the gentleman is interested in.

Mr. RIZLEY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. The gentleman has explained to my entire satisfaction, at least, with respect to the \$500 payment involved in the Case amendment, which does not apply to 1947.

Mr. DIRKSEN. That is right.

Mr. RIZLEY. I understand that all references to any limitation in connection with \$500 or any other amount is now out of the bill for either 1947 or 1948.

Mr. DIRKSEN. No. Let me emphasize that. First, let me emphasize that the \$500 limit in payment to a participant in the program does not apply to 1947. It does, however, apply to the program for 1948.

Mr. RIZLEY. That is what I wanted to know.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. In that connection, if the gentleman will permit, I understand the purpose of this limitation is to make funds go farther and to aid more farmers. If that be the purpose, if the gentleman will permit me—and I have no disposition to detain him—it is my view, for whatever it is worth, that with a program limited to \$150,000,000, that instead of providing increased payments for the smaller growers, that this limitation will defeat the very purpose of the program because, as the matter now stands, one application is made for land, because the program goes to

the land. This limitation will result in an increase in the administrative funds and a very materially increased one, and it will not cause the smaller growers to receive any more, because the tenants, who are by far in the majority will submit programs, and many more applications will be made, and the administrative costs will be increased, and the result will be, that if anything, the smaller growers will get a smaller amount than he is getting now, whereas, in my judgment, the larger grower will have spent a great deal more than he will get and the smaller grower will get less than he spends, and therefore the smaller grower, intended to be aided here, will not receive any more, in my judgment.

Mr. DIRKSEN. I am of the opinion that there are at least four reasons why the program will not defeat itself and why it will work out on a select basis. The bill contains language to the effect that the money for payment purposes shall go to the States on the basis of their conservation needs as determined by the Secretary. The second item, the language carried in the bill states that the payments or grants under the program shall be continued upon the utilization of the land with respect to which said payments or grants are to be made. It is going to be a little more selective program in the future.

The third reason why I do not believe it will defeat itself is that it will carry out to a considerable extent the thought the subcommittee had in mind in the first place when they reduced the amount. They felt that those land owners in the country who get the first fruits of the soil and who have a fee ownership they also owe something to their country, to the land, and to the preservation of its natural resources. So it is only fair that when they have the ability they should carry a part of the conservation load. We express that principle in our whole tax structure today. People pay taxes to the Federal Government under the Internal Revenue code on the basis of ability to pay. There is no reason why the conservation load should not be predicated upon the same kind of theory.

I might explain in detail in connection therewith, if you have not already known it, that there are presently in the 1946 program 43,750 participants who received more than \$500. I repeat that figure. There are 43,750 participating farmers who received more than \$500 in payments. To be exact, those 43,750 received \$48,502,000. A little very elementary arithmetic will indicate to you that the average for 43,750 farmers is \$1,100.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. DIRKSEN. Mr. Speaker, I yield myself 10 additional minutes.

When we insert a \$500 limitation, this is going to be the effect. The same 43,750 farmers will participate, but they cannot receive more than \$500, so that the aggregate that they receive would be \$21,000,000-plus. That would make a saving of nearly \$27,000,000, and that money might very well be made available on a more selective basis to the people who have greater difficulty in carrying

the conservation load. That is the philosophy that was in the minds of the members of the committee when we first addressed ourselves to this problem.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. That is true, and I have no disposition to argue, but when you eliminate the 43,750 larger landowners you put about 500,000 tenants on there to take their place, and thereby increase the program.

Mr. DIRKSEN. I think the gentleman from Mississippi will agree that where one has the financial capacity to carry a larger share of the conservation load it is not too much to ask.

Mr. WHITTINGTON. Unless he is carrying it for his tenants he ought not to get it, but where he is carrying it for his tenants, and they get the benefit of it, it ought to be done.

Mr. DIRKSEN. The fee title, though, is in the hands of somebody who can carry the load.

Mr. MURRAY of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. May I say to the distinguished chairman of this subcommittee that I as one Member of this House appreciate the difficulties the gentleman and his committee have had ever since the third day of January.

Mr. DIRKSEN. Nothing is ever difficult if your heart is in it.

Mr. MURRAY of Wisconsin. I call attention to the fact that from a soil fertility standpoint not over 3 percent of the money has been used for soil fertility up to this time. Under the old program it represented less than \$50 a farm, and under the new program, if all the money allowed in overhead went for fertilizer, it would be only \$25 per farm, because there are over 6,000,000 farms in the United States. So as a matter of fact, all these appropriations can do is dramatize and show the importance of fertilizer in connection with maintaining the fertility of our soil. It is not any approach to maintaining the fertility of the soil, it can only be used for demonstration purposes, to dramatize, as I said, the importance of it as a national asset. Am I right?

Mr. DIRKSEN. I think the gentleman is right. I am going to suggest to the gentleman from Wisconsin, who has done such yeoman service on the legislative Committee on Agriculture, that in the ensuing year, perhaps over the summer and fall, he and the members of his committee can go over this whole matter and explore it, and can explore many matters in connection with the Department of Agriculture, and be ready to report a program early in January so that it will not become necessary for the chairman of the subcommittee on appropriations to go first to the Rules Committee, and there in that committee battle almost alone to get a rule, and then battle once more against the members of the legislative Committee on Agriculture to persuade the House that they ought to issue a rule. So I do hope that

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued July 28, 1947
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Digests 144 and 145

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HIGHLIGHTS: Bills cleared for President: Agricultural appropriation bill, Government corporations appropriation bill, First and Second supplemental appropriation bills, amend and extend the Sugar Act; place crop insurance on limited basis, amend Marketing Agreement Act, liberalize GI farm training, provide for wool-price supports, revise peanut-quota provisions, regulate garbage imports. Both Houses agreed to resolutions authorizing their Agriculture Committees to study a long-range farm program. Tongass Forest bill was probably cleared for President. House asked USDA to investigate weed killers. Both Houses authorized investigation of high prices. Sen. Morse spoke favoring Remount Service bill.

SENATE - July 25

1. **APPROPRIATIONS.** Rejected, 1-83, the conference report on H. R. 3756, the Government corporations appropriation bill (pp. 10384-91). Sen. Vandenberg, Mich., and others objected to the provision making FDIC subject to budgetary control; and Sen. Vandenberg said, "They tear down the Farm Credit Organization...there is a great deal to be said for the objection which is to be made against an equivalent raid on the independence of the farm cooperative institutions" (p. 10387).

Passed with amendments H. R. 4269, the supplemental appropriation bill (pp. 10264-8, 10372-83). Sens. Ball, Brooks, Ferguson, Gordon, McKellar, Haydon, and Tydings were appointed conferees (p. 10383). Reps. Taber, Wigglesworth, Engel, Stefan, Case, Keefe, Cannon, Kerr, and Mahon were appointed conferees (p. 10321). Regarding the Sugar Rationing Administration item, Sen. Flanders, Vt., said: "...by agreeing to the amendment, we end sugar rationing at once" (p. 10265). Rejected an amendment by Sen. Ball, Minn., to provide \$1,350,000 additional to continue the USDA farm-labor program through June 30, 1948, and a committee amendment to strike out the item for a Farm Placement Service in the Labor Department in view of the Ball amendment; thus the Senate action was to transfer the farm-labor program back to the Labor Department (pp. 10374-83). Sen. Russell attempted to clear up a misunderstanding as to the

Senate committee in commenting in its report on the Federal catalog proposal, and subcommittee chairman Ball said: "The committee in its report certainly did not intend to place any limitation on funds available in other items, but was referring merely to the Budget estimate of \$2,700,000 for a special project" (p. 10383).

The Appropriations Committee reported with amendments H. R. 4347, the 2nd supplemental appropriation bill (S. Rept. 767)(p. 10368).

Sen. Tydings, Md., inserted a statement showing the budget and congressional figures for each appropriation bill for 1948 (pp. 10400-1).

2. SUGAR. Passed as reported H. R. 4075, to amend and extend the Sugar Act of 1937 (pp. 10411-22). Rejected, 40-42, an amendment by Sen. Chavez, N. M., to strike out the provision preventing increased quotas to countries which deny fair treatment to Americans (pp. 10420-1), and the committee amendment on labor standards (p. 10418). This bill will now be sent to the President.
3. FARM TRAINING. Passed as reported H. R. 2181, to liberalize the farm-training provisions of the Servicemen's Readjustment Act, after rejecting, 31-45, a motion by Sen. Taft, Ohio, to recommit the bill (pp. 10391-400, 10404-7).
4. LOANS. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted a report on Federal lending operations (S. Doc. 103), and Chairman Byrd discussed the report (p. 10434).
5. FOOT-AND-MOUTH DISEASE. Received the 30-day report of this Department on progress of the foot-and-mouth disease campaign in Mexico; to Agriculture and Forestry Committee (p. 10368).
6. CLAIMS. The Judiciary Committee reported with amendments H. R. 3690, to amend the Federal Tort Claims Act regarding death statutes and decisions in Ala. and Mass. (S. Rept. 763)(p. 10368).
7. CONSUMER CREDIT. Both Houses agreed to the conference report on S. J. Res. 148, to provide for temporary continuation of consumer-credit regulation authority (pp. 10439, 10274-5). This measure will now be sent to the President.
8. GRAIN EXPORTS. Sen. Butler, Nebr., spoke in favor of S. 1586, to provide for U. S. grain exports through private industry (pp. 10440-1).
9. AGRICULTURAL STUDIES. Debated S. Res. 147, authorizing the Agriculture and Forestry Committee to study agricultural legislation and the trends, needs, and problems of agriculture; Sen. Taylor, Idaho, objected to the resolution (pp. 10448, 10452-3).
10. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 3678, the War Department military appropriation bill (pp. 10402-3, 10305-10). This bill will now be sent to the President.
11. INVESTIGATIONS. Agreed, without amendment, to S. Res. 148, authorizing the Public Lands Committee to investigate matters within its jurisdiction (pp. 10448, 10450-1).
Agreed, with amendments, to H. Con. Res. 104, authorizing a joint housing investigation; and Senate conferees were appointed (pp. 10448-50).
Discussed and passed over, on objection of Sen. Taylor, Idaho, S. Con. Res. 19, to establish a joint subcommittee to investigate high prices of consumer goods (p. 10451).

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Minnesota to the committee amendment.

The amendment to the amendment was agreed to.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. DONNELL. I want to be sure that I correctly understand the action just now taken. Did the Senator say that \$1,460,000 will provide in his judgment for the placement of farm labor?

Mr. BALL. It is the amount earmarked in both the House and Senate committee reports for the Farm Placement Service.

Mr. DONNELL. And may I inquire, what is the \$8,000,000, which in addition to the \$1,460,000, makes up the item of \$9,460,000 in the House bill?

Mr. BALL. That is the over-all increase in the grants to States for operating their employment services, which is an increase over an amount agreed upon in a bill which the Senate passed about 2 weeks ago. The chairman of the subcommittee that handled the bill asked us to strike that out and to take it to conference, and make the House justify it.

Mr. DONNELL. If it is a fair question, Mr. President, the Senator does not consider, does he, that the United States Employment Service, particularly as applicable to the farm labor placement, will be crippled by reducing the \$9,460,000 to \$1,460,000?

Mr. BALL. All the House allowed for the particular purpose was \$1,460,000.

Mr. DONNELL. I thank the Senator.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. BARKLEY. If I understand the situation, the Senator is proposing to reduce, when the committee of the Senate has acted on the proposal, the \$9,460,000, to \$1,460,000, which takes care of the farm placement program. The remainder of it will go into conference, and that out of the conference, if the exigencies require it, there will come a sufficient amount, an adequate amount, as agreed upon by the conferees, for any increase in the grants to the States. Is that a fair statement?

Mr. BALL. That is correct. The Senator's amendment would restore the full budget estimate for the Farm Placement Service, but would take to conference the \$8,000,000 additional for grants to States, which the House provided after the regular bill had passed.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. RUSSELL. If the Senator will indulge me, I shall be compelled to leave the Senate in a moment and I should like to call his attention to the language of the conference report. This is on page 8 of the report of the committee under the item "Treasury Department, Bureau of Federal Supply, Salaries, and Expenses."

I shall read the language, if the Senator will permit:

The committee has not approved the request of the Treasury Department for \$2,700,000 to enable the Bureau of Federal

Supply to finance the first year of a 5-year interdepartmental project for a unified Federal Catalog System. The committee is of the opinion the project is a worthy one; however, there is no assurance that once the system is developed, it will be used by all Government agencies. The committee recommends that legislation be enacted providing for a unified Federal Catalog System and until such time as this is done, it is not felt that time and funds should be expended on such a project.

As a member of the committee, I understood that the language was inserted in the committee report merely to explain why the committee did not allow the budget estimate of \$2,700,000 for this purpose. It appears that some of the departments and agencies of government are now carrying on cataloging with funds which they have available for that purpose, but that there has been a misunderstanding that the committee's report directed them to discontinue the cataloging. I think that understanding of the committee's language is erroneous, and I rose to ask the distinguished Senator from Minnesota, who is in charge of the bill, if I am not correct in stating that the language of the report merely gave a reason for not allowing the appropriation, but was not intended to interfere with any such activities as are being carried on within the agencies or departments by the use of other funds which have been made available.

Mr. BALL. The Senator from Georgia is entirely correct. The committee in its report certainly did not intend to place any limitation on funds available in other items, but was referring merely to the budget estimate of \$2,700,000 for a special project.

Mr. RUSSELL. I thank the Senator. The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BALL. Mr. President, there are two amendments on page 29 which we adopted early this morning, which should be reconsidered. They are a part of the same farm placement as was discussed a moment ago. I ask that the votes by which the committee amendment on page 29, line 6, and the committee amendment on the same page, line 9, were agreed to, be reconsidered, and that the committee amendments be rejected.

The PRESIDENT pro tempore. Without objection, the order is made. The votes by which the amendments were agreed to will be reconsidered, and without objection, the amendments are rejected.

Mr. BALL. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 33, after line 23, it is proposed to insert the following:

UNITED STATES PARTICIPATION IN UNITED NATIONS

The appropriation "United States participation in United Nations," contained in the Department of State Appropriation Act, 1948, is hereby made available for the furnishing of living quarters for the use of the Representative of the United States at the seat of the United Nations and this shall be accomplished by utilizing the authority contained in the second proviso of the appropriation

"Salaries and expenses, Foreign Service," in the Department of State Appropriation Act, 1948, with respect to the furnishing of living quarters for the use of the foreign service; and for making allotments to the United States Mission to the United Nations to defray the unusual expenses incident to the maintenance of an official residence for the United States Representative to the United Nations in the same manner that such allotments are authorized to Foreign Service Posts by Section 902 of the Foreign Service Act of 1946 (Public Law 724).

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. BALL. Mr. President, several Senators have called my attention to a paragraph amending the Emergency Price Control Act of 1942, beginning in line 16 on page 22, which sets a 60-day limit on appeals from regulations made by the Department of Commerce in liquidating that agency. Frankly, I do not understand just what the functions of the Department of Commerce are going to be. I have been told that changing "sixty days" in line 24 on page 22 to "120 days" will cure the situation, and I offer such an amendment, so that it may be sent to conference.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

The bill is before the Senate and open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 4269) was read the third time and passed.

Mr. BALL. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BALL, Mr. BROOKS, Mr. FERGUSON, Mr. CORDON, Mr. McKELLAR, Mr. HAYDEN, and Mr. TYDINGS conferees on the part of the Senate.

PROVISION FOR FUNDS FOR GREEK AND TURKISH AID

Mr. CONNALLY. Mr. President, I wish to say only a few words about an item in the appropriation bill which has just been passed. It refers to aid to Greece and Turkey.

I congratulate the committee upon adopting that provision. At this particular time in the history of the world, and in view of the posture of international affairs, it is of the utmost importance that the United States make good on the bill recommended by the President to extend economic and other aid to Turkey and to Greece.

Mr. President, as is well known, the United Nations appointed a Border Commission to visit the Greek border fronting on Yugoslavia, Albania, and Bulgaria. That Commission has reported, and from its report it is perfectly plain that irregular bands from Yugoslavia,

Albania, and Bulgaria have been agitating and probably crossing the border into Greece, stirring up Greek elements wherever possible. That has brought about a very critical international situation. That area is a very sensitive spot.

We must be firm in the stand which we have taken under the leadership of the President to make it possible for Greece to resist aggression on her borders.

There are several kinds of aggression being practiced in Europe. One is the aggression of infiltration and pressure of an economic and political character; but this is aggression by force of arms. World War II was fought by the Allies in order to resist and put down aggression by warlike nations upon their peaceful neighbors. That is what is happening now on the northern border of Greece.

Without help from the United States, the Greeks would probably not be able to maintain the integrity of their territory or the independence of their Government, but it would be influenced by incursions from other nations—neighbors seeking to overthrow the Government of Greece and institute in lieu thereof a communistic state.

I assume that the action in the House of Representatives will be favorable. I wish to urge upon the Senate conferees, if the question should arise—which I do not anticipate—that they remain firm in the promises which we have made with reference to Greece and Turkey. We must stand firm. We must aid the Greeks in resisting incursions into their territory and maintaining the prestige and independence of the Greek Government.

In a lesser degree, the same reasoning applies to Turkey; but the most imminent situation is in Greece. It is disclosed by the report of the boundary commission that the difficulties there are imminent and critical.

A few days ago the United States proposed in the United Nations Security Council a semipermanent commission appointed to represent the Security Council and the United Nations along the Greek frontier, to observe from time to time the conditions existing there, and to advise and keep informed the Security Council of the United Nations.

Mr. President, I am very greatly gratified that the bill carries funds for Greek and Turkish aid.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

S. 794. An act to authorize the sale of a small tract of land on the Cherokee Indian Reservation, N. C.

S. 892. An act for the payment of claims of the Fidelity Trust Co., of Baltimore, Md., and others, covered by findings of fact made by the United States Court of Claims, dated June 5, 1944, and contained in Senate Document No. 229, Seventy-eighth Congress, second session;

S. 1418. An act granting the consent and approval of Congress to an interstate compact relating to control and reduction of pollution in the waters of the New England States;

S. 1463. An act to amend section 12 of the Immigration Act of 1917;

S. 1480. An act authorizing the conveyance to the State of Delaware of a portion of Pea Patch Island;

S. 1494. An act to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387);

S. 1582. An act relating to the sale of Paxton Field, Duval County, Fla.; and

S. J. Res. 112. Joint resolution to establish a commission to formulate plans for the erection, in Grant Park, Chicago, Ill., of a Marine Corps memorial.

The message also announced that the House had passed the bill (S. 1350) to authorize relief of accountable officers of the Government, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 859) to provide for the exploration, investigation, development, and maintenance of the fishing resources and development of the high seas fishing industry of the Territories and island possessions of the United States in the tropical and subtropical Pacific Ocean and intervening seas, and for other purposes.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 174. An act to amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900 (31 Stat. 321), as amended by the act of May 31, 1938 (52 Stat. 588);

H. R. 3215. An act to revise the Medical Department of the Army and the Medical Department of the Navy, and for other purposes;

H. R. 3394. An act to amend the act entitled "An act to provide for the evacuation and return of the remains of certain persons who died and are buried outside the continental limits of the United States," approved May 16, 1946, in order to provide for the shipment of the remains of World War II dead to the homeland of the deceased or of next of kin, to provide for the disposition of group and mass burials, to provide for the burial of unknown American World War II dead in United States military cemeteries to be established overseas, to authorize the Secretary of War to acquire land overseas and to establish United States military cemeteries thereon, and for other purposes; and

H. R. 3501. An act to amend the Armed Forces Leave Act of 1946, approved August 9, 1946 (Public Law 704, 79th Cong., 2d sess., 60 Stat. 963), and for other purposes.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2173) to amend section 7 of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ALLEN of California, Mr. MILLER of Nebraska, and Mr. DEANE were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2659) to establish a program for the rehabilita-

tion of alcoholics, promote temperance, and provide for the medical and scientific treatment of persons found to be alcoholics by the courts of the District of Columbia, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ALLEN of California, Mr. MILLER of Nebraska, and Mr. DEANE were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3045) to authorize the Commissioners of the District of Columbia to prescribe the processes and procedures for recording instruments of writing in the Office of the Recorder of Deeds of the District of Columbia, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ALLEN of California, Mr. McMAHON, and Mr. ABERNETHY were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 4140) granting the consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey concerning the Delaware River Joint Toll Bridge Commission, and for other purposes, in which it requested the concurrence of the Senate.

GOVERNMENT CORPORATIONS APPROPRIATIONS—CONFERENCE REPORT

Mr. FERGUSON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, 26, 29, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, and 31, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$18,700,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$5,000,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "one hundred and sixty-one"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In line 13 of said amendment strike out the figure "\$4,714,397" and insert in lieu thereof the following: "\$4,125,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$4,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the 10-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

"Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,400,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,250,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amend-

ment insert "\$11,500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That \$175,000 shall be available only for the audit and revision of past accounting records"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof the following: "\$250,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"Sec. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"Sec. 104. The Budget programs transmitted by the President to the Congress for the fiscal year 1949 and each year thereafter shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows:

"Sec. 308. Section 101 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended by adding at the end thereof the following:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, so long as these corporations have funds of or loans from the Government of the United States."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9 and 21.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
RICHARD B. RUSSELL,
JOHN H. OVERTON,
KENNETH S. WHERRY,
Managers on the Part of the Senate.

WALTER C. FLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, JR.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,
Managers on the Part of the House.

Mr. FERGUSON. Mr. President, I ask unanimous consent for the present consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER (Mr. BALDWIN in the chair). The question is on agreeing to the conference report.

Mr. VANDENBERG. Mr. President, I wish to speak about the conference report, because it carries within it what to me is a very offensive section. I refer to the portion of the bill which submits the Federal Deposit Insurance Corporation to the control of the Bureau of the Budget, which in the final analysis is a political control.

Mr. President, I am not speaking in any sense critically regarding the conferees—and this particularly applies to my colleague [Mr. FERGUSON], who has presented the report. I know that the Senate conferees completely sympathize with the view which I am now expressing, and I know that they yielded in this particular instance only because they felt that they had no alternative under the circumstances. But I feel sure that the Senate conferees would be very happy to return to another conference if the Senate were to order it. I have the feeling that if the Senate were to adopt an eloquently affirmative position, as it did the other day in connection with amendments to some of the other bills, in this instance the House would yield to the Senate's point of view.

The general idea of bringing all Government corporations under full and intimate governmental control, including the control of the Bureau of the Budget, is a perfectly sound and advisable objective, and I have no quarrel in the world with it. Not only have I no quarrel with it, but I completely approve of it. But I respectfully submit that the Government corporations which are thus involved have no relationship to the character of the Federal Deposit Insurance Corporation, which is not a Government corporation in the same sense that is meant when other Government corporations are brought under control. I submit that it is fabulous nonsense to talk about the Federal Deposit Insurance Corporation, in the light of the place that it holds in the basic economic system of the United States, in the same breath with other Government corporations, or to attempt to submit it to the regular Budget Bureau controls which it is here attempted to apply.

Mr. President, I ask Senators to remember back 15 years, to the days of the bank holidays. I ask them to remember the utter paralysis in America as the result of the bank holidays. I ask them to remember that those bank holidays did not flow so much from insolvent banks as from the general lack of confidence in American banks. The banks themselves, when they finally went through the wringer, in 9 cases out of 10 proved that they had been solvent. It was not their lack of solvency which ruined the country for a decade; it was the lack of public confidence in them, regardless of the nature and character of their assets.

It was under those circumstances that Congress created the Federal Deposit Insurance Corporation, and from the moment it was created and from the

moment it opened its doors there has never been a succeeding moment in the life of the Nation when there has been the slightest lack of public confidence in our banking system. As a result we went all through those perilous holidays when everything else was collapsing on all sides. We went all through them without a single bank failure in the land. If it had not been for the contribution which the Federal Deposit Insurance Corporation made to the life of the Nation at that time, I dread to think what the outcome might have been.

Mr. President, an institution of that sort has some degree of sacredness about it when it comes to tampering with it, by legislative indirection in an appropriation bill. As the bill came to the Senate from the House it contained a provision which subordinates the Federal Deposit Insurance Corporation to the Bureau of the Budget. What does that mean? It means, in the techniques, that the budget of the FDIC must be annually submitted in advance to the Bureau of the Budget and approved by it. As a matter of elementary common sense, tell me how it would be possible to create a budget involving total contingencies. What is the budget of the FDIC for the next 12 months? It is a reflection of whatever the banking health of the Nation is for the next 12 months. If there should be numerous bank failures over the land and the FDIC must staff itself to administer numerous failures and equip itself to take over vast areas of banking assets, that is one kind of a budget. If, on the contrary, the FDIC is to continue to succeed in maintaining banking solvency upon an even keel, we need a far lesser administrative structure and require none of the allocations of emergency funds. How in the world can the FDIC on January 1 provide itself with a budget to submit to the Bureau of the Budget until it knows whether the fiscal year is to be a healthy fiscal year in respect to the banking life of the Nation? If the FDIC is doubtful about the year to come and has to build up a large budget in anticipation of its doubts, I know of no surer way to precipitate a crisis in the United States than to have the budget of the FDIC necessarily increased in anticipation of bank failures made public to the world on New Year's each year.

I submit, Mr. President, that in the very nature of this tremendous public trust it is absolutely impossible to deal with it on any such budgetary basis as was proposed in the House bill, as was eliminated by the Senate, and as has been partially restored in the conference report.

Mr. President, that is not all. I remind the Senate that twice this year the legislative committee of the Senate which has jurisdiction over the FDIC has flatly refused to put it under the jurisdiction of the Bureau of the Budget, which, I repeat, is a political institution. Twice the Senate Committee on Banking and Currency, which has jurisdiction over the FDIC, has refused to do the precise thing which is done by indirection in this conference report. If there was

ever a demonstration of the vice of legislative riders, here it is.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MAYBANK. The distinguished Senator from Michigan is so eminently correct that I want to add only that on the Democratic side of the Banking and Currency Committee on each occasion we have refused to put the FDIC under the Budget Bureau because it operates on the banks' money, and the Bureau of the Budget has nothing to do with it.

Mr. VANDENBERG. I thank the Senator. Of course, the Senator is entirely correct. That is the legislative record on the floor of the Senate, as the able Senator from Indiana [Mr. CAPEHART] can testify. The Senator's committee has led on the floor of the Senate in denying directly the thing which is now sought to be done indirectly.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CAPEHART. The Senate Banking and Currency Committee reported favorably a bill which was passed by both Houses. I think the Senator from Indiana was the author of the bill. That bill denied anyone the right to place the FDIC under the Budget Bureau. I agree 100 percent with the able Senator from Michigan that it should not be permitted to be placed under the jurisdiction of the Bureau of the Budget.

Mr. HILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Ives in the chair). Does the Senator from Michigan yield to the Senator from Alabama?

Mr. VANDENBERG. I yield.

Mr. HILL. Was not this whole matter considered by the committees and by both Houses of Congress when the Congress passed the Government Corporation Control Act, and at that time this very action which the Appropriations Committee now seeks was denied? Is not that correct?

Mr. VANDENBERG. The Senator from Alabama is entirely correct. Whenever it has been tested there has been but one answer.

This is the first time there has ever been the shadow of success for what I assert is an assault upon the independence of the Federal Deposit Insurance Corporation, which, in turn, is a fundamental assault upon the basis of American confidence in American banking. I do not understand why it creeps into this bill, particularly in view of the fact that the Budget Bureau does not want this control, that the Treasury Department does not want it and recommends against it; in view of the fact that the FDIC warningly urges that this is a most seriously dangerous thing to do; in view of the fact that all American banking interests are opposed; in view of the fact that all legislative committees of the Congress are opposed, and certainly in view of the fact that the depositors—90,000,000 of them—who sleep nights because they can depend upon the FDIC, do not want the first step taken in the

direction of breaking down the independence of this institution.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MAYBANK. I want to refer to the remarks of the Senator from Indiana. If I am not correct I hope he will correct me. The Banking and Currency Committee, to which this matter was referred, under the able Senator from Indiana, voted unanimously not to make such a change, did it not?

Mr. CAPEHART. That is correct.

Mr. VANDENBERG. Mr. President, I wish to remind the Senate of one thing—

Mr. HILL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HILL. Is it not true that the FDIC is similar to the Board of Governors of the Federal Reserve System?

Mr. VANDENBERG. That is correct.

Mr. HILL. And also similar to the office of the Comptroller of the Currency. Neither of those agencies is under the Budget Bureau. No one so far as I know has ever thought seriously of suggesting that they be placed under the jurisdiction of the Bureau of the Budget. The FDIC does not operate on funds from the Treasury; it operates on assessments made on the bank, just as the Federal Reserve System operates and just as the office of the Comptroller of the Currency operates. Is not that correct?

Mr. VANDENBERG. The Senator is entirely correct. The FDIC is on all fours with the Federal Reserve System with respect to the fiscal structure of the American economy. No one has yet had the temerity to propose that the Federal Reserve System should be robbed of its independence and subordinated to a political bureau of the Government. Yet, here is an institution which is even more sensitive with respect to the necessities for its independence, and we confront a conference report which for the first time proposes to make it possible for political controls to determine what happens.

I am not so much afraid of what the political controls would do, because I assume that they would have an adequate respect for this institution. But I am saying that the fundamental importance and value of the Federal Deposit Insurance Corporation is psychological; it is the faith that for 15 years America has demonstrated it has in this institution. At the moment when the FDIC is about completing \$1,000,000,000 of earnings of its own, so that it can eliminate all Government capital, at this time when there is a billion dollars of money available in the Treasury of the FDIC, if the American people read that, at long last, in Washington something is going on which indicates that the political powers are restless and will remain restless until they can get their hands upon this great institution, the effect will be most deplorable.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. AIKEN. Were sections 307 and 308 of the bill restored in the conference?

Mr. VANDENBERG. They were.

Mr. AIKEN. They are the sections which tear down—

Mr. VANDENBERG. They tear down the Farm Credit Organization; that is correct.

Mr. President, there is a great deal to be said for the objection which is to be made against an equivalent raid on the independence of the farm cooperative institutions.

Mr. AIKEN. In other words, these sections tear down some of the most useful agencies of government.

Mr. VANDENBERG. The Senator is correct. I shall leave the further discussion of that matter to those who are more familiar with it. I am confining myself to this fundamental conception, because I submit, Mr. President, that the one thing in the economic life of the United States which is basically essential is the maintenance of banking confidence, which is dependent, fundamentally and primarily, upon the continuing independent sanctity of the Federal Deposit Insurance Corporation.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. SPARKMAN. I am sorry that I have not been able to be in the Chamber during all the discussion, and I have missed some of the debate. But the amendment the Senator is arguing has to do with the section which was added to the bill in the House of Representatives, and was stricken out by the Senate Appropriations Committee. The reason given at the time was that it was legislation on an appropriation bill, and that the matter should be studied by the proper legislative committee, rather than by the appropriations committee.

As a matter of fact, we had this matter before the Senate Banking and Currency Committee, and we discussed rather at length this very idea of making the Federal Deposit Insurance Corporation subject to the Budget Control Act. That committee decided that it was not proper to do so. I believe the committee was unanimous in reaching that decision.

Some members of the committee felt that the administrative expense should be subject to budget control; and, as a matter of fact, Mr. Harl, chairman of the Federal Deposit Insurance Corporation, told us that already there was submitted to the budget the administrative expenses for each year.

Based upon that, the regularly constituted legislative committee of the Senate rejected the idea of placing the Federal Deposit Insurance Corporation under the control of the Budget Control Act. In other words, we did exactly what the Senate Appropriations Committee said should be done: We studied it. After studying it, we rejected it. I think it is an unsound principle to be written into a bill.

Mr. VANDENBERG. Mr. President, I thank the Senator. He has reviewed a situation which, in some respects, already has been submitted by other Senators.

Now let me conclude, Mr. President, because I do not think it is necessary to

labor this point. I wish to remind the Senate that the Federal Deposit Insurance Corporation has no place in the same category or bracket with the other Government corporations to which this bill is fundamentally dedicated. I remind the Senate that the FDIC does not get one penny, not one nickel, of tax money; and it never has. It is entirely dependent upon its own premiums. In the operation of its premium account, it has finally accumulated a billion dollars of assets, so that in the next 2 years there will not even be a nickel of Government funds in its capital structure.

Here is an institution which has bailed itself out from zero, in respect to its own finances, and today is the finest example of fiscal ability and success, even as a corporation, that can be found in this Nation. Here is an institution which in 15 years has resulted in a banking record in the United States without the loss of one penny to one bank depositor in the United States. That has happened in a decade and a half. Here is an institution which is totally successful by every possible degree or manner of measurement which can be applied to it. Here is an institution which the Bureau of the Budget does not want to tamper with, which the Treasury does not wish to have anyone tamper with, which the banking fraternity in the United States wishes to remain independent, which the legislative committees of the Senate have twice insisted must remain independent.

Here is an institution which does not deserve the proposed treatment at this eleventh hour in the Eightieth Congress—and I say it with great feeling, Mr. President—particularly under the auspices of the Republican Party, which is supposed to have some particular dedication to the preservation of private enterprise, and some particular aversion to the needless application of governmental controls. So I submit that under all these combined circumstances, it is not only a travesty, but it is a crime, if this conference report is adopted.

The PRESIDING OFFICER. The question recurs on agreeing to the motion of the junior Senator from Michigan [Mr. FERGUSON] that the Senate agree to the conference report.

Mr. FERGUSON obtained the floor.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CORDON. Mr. President, I have requested the Senator to yield to me, and he very kindly has done so, because I should like to take some time on the matter which has been discussed just now by the senior Senator from Michigan [Mr. VANDENBERG]. I wish to say that I agree with him 100 percent. I wish to make the point that the same argument applies with reference to the Home Loan Bank System.

I should like to go into that matter in detail. However, I am called to a meeting on the second supplemental appropriation bill, and I cannot remain in the Chamber to discuss this matter. I hope, however, that in the discussion which will follow, the principles which have been announced by the senior Senator

from Michigan [Mr. VANDENBERG] as applying to the Federal Deposit Insurance Corporation, will be shown to apply with equal force to the Home Loan Bank System, which has no place under the present corporations act.

I should like to discuss it at length. I cannot at this time.

I thank the junior Senator from Michigan for giving me the opportunity to make these few remarks.

Mr. CAPEHART. Mr. President, I send to the desk a conference report and ask permission that it be considered. It is the conference report on the continuation of the consumers' credit activity.

The PRESIDING OFFICER. Is there objection?

Mr. HATCH. Mr. President, I object, and my reason for objecting is that we now have before us, an important conference report which should be disposed of. I think the conference report we are considering will be rejected and will have to go back to conference. Therefore, Mr. President, the constant interruptions being made are unnecessary and unwise. I object.

The PRESIDING OFFICER. Objection is raised.

Mr. BALDWIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. FERGUSON. I yield.

Mr. BALDWIN. I wish to make just a brief statement with reference to the report. I wish to say that I should like to associate myself with the senior Senator from Michigan [Mr. VANDENBERG] and the senior Senator from Oregon [Mr. CORDON] in their remarks in opposition to the conference report bill. I communicated with the banking commissioner in my own State, and he is heartily opposed to the bill, as I believe most of those concerned in my State are. I hope the conference report will not be agreed to.

Mr. FERGUSON. Mr. President, I realized when I submitted this conference report what I was bringing back to the Senate. I realized that there was great and serious objection to it, indeed, enthusiastic objection. But at times one in a conference faces a situation, as we have in the last few days, which makes him feel that he is compelled to return to the Senate for further instructions, as it were, in order that he may try again.

In this particular case it was impossible even to do business with the House conferees without first considering the two sections now being discussed. The Committee on Appropriations eliminated them. We knew they were legislation, and would have been subject to a point of order if they had originated in the Senate, but they originated in the House, where the rules were suspended so they could be adopted. The conferees came into conference adamant in their position to keep the sections in the bill.

We made some headway, I feel, when we struck out the word "use" on page 31, and I think I should explain that. The language is "for use such corporate funds or other financial resources." The word "use" was stricken out, and inserted was the language "expenditure for operating and administrative expenses."

We were trying to limit the bill at least to the operating and administrative expenditures so that it would not cover losses of insurance or other than operating expenses.

Mr. President, at the end of section 308 we were able to insert this language:

So long as these corporations have funds of or loans from the Government of the United States.

That meant that when a corporation was able to buy out, these sections would not apply.

Then, Mr. President, the words "for the calendar year 1949 and each year thereafter" were inserted, because we felt that if we had to accept the Government corporations appropriation bill with these two sections in it we would at least have a show of getting legislation from the proper legislative committee on the subject.

Mr. President, what I am saying may sound like an apology for bringing back such a report, but I think every member on the conference committee felt we had done the best we could. We were in a bad situation.

Mr. VANDENBERG. Mr. President, will my colleague yield?

Mr. FERGUSON. I yield.

Mr. VANDENBERG. The Senator certainly owes no one any apology for the report he brings back in connection with the Government corporations appropriation bill. What he has just said is entirely true. He and his conferees on the part of the Senate made substantial and valuable headway in the direction of at least partially protecting the FDIC, if they confronted the situation in which they could not protect it completely. I congratulate the Senator and his fellow conferees on the work they did. I am sure the Senator equally agrees that if he could have a unanimous vote of the Senate behind him in one more conference in an effort to do a still better job he would be as happy as I would be over that result.

Mr. FERGUSON. Mr. President, even without a unanimous vote the junior Senator from Michigan is willing to abide by the decision of the Senate, and return to the conference, and I know that every member of the conference committee will do everything he can to carry out the wishes of the Senate, and to return with a bill, if possible.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. WHERRY. As one of the members of the conference committee, I wish to say, with all the force that is within me, that I agree totally with the remarks of the distinguished senior Senator from Michigan. The Senator well knows that when I signed this conference report I did it reluctantly, with the understanding that I could make what observations I cared to make on the floor of the Senate to see if possible if the FDIC could not be taken out from under title I and put back only as a Corporation to be audited, rather than to be further controlled under title I of the act.

I think it unnecessary to develop any more arguments. I believe I understand how the junior Senator from Michigan

feels about the matter. I am satisfied that if the Senate wants to go along and vote the conference report down, as has been suggested by the distinguished senior Senator from Michigan, the Senate conferees will be fortified in the position they can take in a further conference with the conferees on the part of the House. Personally I think the report should be voted down, and I am perfectly willing to make the fight if the Senate wants that done.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. SALTONSTALL. I rise to support, very briefly, what the junior Senator from Michigan [Mr. FERGUSON] has said. He was the chairman of the Senate conferees, and I was one of the members of the conference. I attended four and a part of the fifth session with him.

The House conferees came in with a determination to discuss no items in the bill at all until the language in sections 307 and 308 was straightened out to their satisfaction. After the second meeting the conference broke up, and we did not return and renew our conference for several days. We then went back, and the House conferees had the same determination, and it was then that we drafted the language, which, as the senior Senator from Michigan has said, substantially improves the two sections.

I feel the same as do the senior Senator from Michigan and the junior Senator from Michigan. We do not want these sections.

But we are up against the fact of supporting the TVA and various other governmental agencies, and it was for that reason we finally made the effort to draft this language, to put off the effect of the provision for one full year, in order to permit legislation next year, if desirable, and then we proceeded to work out figures in the other sections. If the Senate feels, as it apparently does, as evidenced by speeches of its members, that different action should be taken, I am certain that the junior Senator from Michigan and the other conferees will try to follow out their judgment.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from Vermont.

Mr. AIKEN. I want to say that besides striking out the FDIC sections 307 and 308, which were restored in conference would strike crippling blows at almost all the farm credit organizations, making it very difficult if not impossible for some of them to do business. It puts them in a position of having to go to the Bureau of the Budget before the beginning of each year and to estimate the amount of the loans which they will make during the year, regardless of what the weather may be, or what unforeseen conditions may arise. I had intended to speak at some length on this, but judging from appearances, the temper of the Senate is such that it intends to send the bill back to conference in no uncertain manner, and express its wholehearted opposition to these sections. Therefore I shall content myself

with what I have said, and not speak at any greater length.

Mr. FERGUSON. Mr. President, as stated before by members of the conference committee, we did not have the opportunity to have a vote in the Senate upon these two sections, because they were stricken out by the Appropriations Committee. We now have the opportunity to vote upon this matter, and I hope the Senate will have a ye-and-nay vote. I hope that there may be a quorum call before the vote, and that the vote will disclose to the House exactly how the Senate feels about the matter.

Mr. LUCAS. Mr. President, will the Senator yield to me?

Mr. FERGUSON. I yield.

Mr. LUCAS. Mr. President, this question is of such importance to my constituents in Illinois that I desire to read into the RECORD at this point a telegram I received from Harry C. Hausman, secretary of the Illinois Bankers' Association. The association is greatly concerned, along with other banking organizations throughout the country, over the provision of House bill 3756, which is now being considered:

CHICAGO, ILL., July 22, 1947.

Hon. SCOTT W. LUCAS,
United States Senate:

This association is gravely concerned, along with the other banking organizations throughout the country, over a provision in H. R. 3756 now being considered in conference committee. Section 308 of this bill calls for inclusion of Federal Deposit Insurance Corporation under the control of Bureau of the Budget. FDIC is supported by the assessments paid by 14,000 insured banks. These banks have nothing but praise of the achievements of FDIC and the careful and efficient manner of its management, both of which stem from its independence and flexibility of action. The problems of FDIC are those of a private insurance corporation. These banks have in the past and will in the future pay the cost of maintaining this corporation as the steel beam under American confidence in the banks of this country and these banks are opposed to any legislation that will tend to destroy the confidence of their 90,000,000 depositors. By including FDIC in section 308, the operations of the corporation are gravely hampered and the lawmakers would thereby plant doubts in the minds of these depositors. The net effect of inclusion of FDIC would be to deprive it of a permanent insurance fund, paid for by the banks, and subject it to the vagaries of appropriation bills. No more unfortunate news could be received by the country than news that Congress has determined at this time when the insurance fund has reached over \$1,000,000,000 to encroach upon the independence of FDIC. Since FDIC is supported exclusively by bank assessments. Banks and depositing public have the right to insist that it must be kept independent in fact as well as name. Section 308 does not have effect of but does actually destroy independence of FDIC. This association urges every possible effort to remove FDIC from section 308. May we count on your support?

HARRY C. HAUSMAN,
Secretary, Illinois Bankers Association.

Mr. President, I subscribe to the thoughts that are expressed in that telegram. From the beginning, the FDIC, until now, this is the first time that either branch of Congress, or the Congress itself, has attempted in any way to interfere with the orderly arrangement and

working of that important institution. I hope the Senate will follow the lead of the Senator from Michigan, and that the conference report will be recommitted to the conferees.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent to insert in the RECORD at this point in my remarks a somewhat lengthy telegram received from the Iowa Bankers Association, of the State of Iowa, in support of the position of the senior Senator from Michigan on this issue.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

DES MOINES, IOWA, July 22, 1947.
Hon. B. B. HICKENLOOPER,
United States Senate,
Washington, D. C.:

We respectfully urge you in your important position to do everything you can to eliminate permanently section 308 of H. R. 3756 which section would put the Federal Deposit Insurance Corporation under the Federal Budget. That corporation being one supported by the member banks of the Nation is of no financial cost whatever to the taxpayers. It has been and continues and particularly the small depositor the greatest possible protection. We once tried out here in Iowa putting our State banking department under our State legislative budget. It just wouldn't work; it bid fair to completely wreck the efficiency of the department's administration by the State superintendent of banking here in Iowa. The Iowa General Assembly quickly followed the requests of our State banking department and our State association and the information and data they submitted on the experiences of a banking department trying to operate under the uncertainties of getting sufficient appropriations to protect bank depositors as they have a right to expect and which the banking industry want to give and without cost to the Iowa taxpayers, and therefore the Iowa Legislature discontinued that budgetary requirement years ago. If it would not work in Iowa, certainly there is grounds to believe that the budgetary idea for the FDIC will also find great difficulty in operating in a national way. Let us not even experiment with it in a national way. It can be a costly experiment for depositors whose interests should by all means come first and remain paramount. Thanks for your contemplated help and that of Senator Wilson to whom a like wire goes.

Kindest regards.

IOWA BANKERS ASSOCIATION,
R. H. MILLER, *Chairman*.
FEDERAL LEGISLATIVE COMMITTEE,
W. H. BRENTON, *President*.
FRANK WARNER, *Secretary*.

Mr. HILL. Mr. President, it has been my intention to have something to say in opposition to the provision in reference to the FDIC. In view of the very strong arguments made against the provision by the very distinguished senior Senator from Michigan, and the very practical statement made by the Senate conferees, the distinguished junior Senator from Michigan, I shall not delay the Senate. I think I know the temper of the Senate. I believe the Senate will overwhelmingly vote down the conference report. I wish, however, to have printed at this point in the body of the RECORD five editorials from leading publications in this country, such as the American Banker, of New York City, the Chicago Journal of Commerce, the Philadelphia Inquirer, and so forth.

There being no objection, the editorials

were ordered to be printed in the RECORD, as follows:

[From the American Banker, New York City, July 9, 1947]

KEEP FDIC INDEPENDENT, URGES PENNSYLVANIA BANK LEADER

WILLIAMSPORT, PA.—Warning that bank deposit insurance and bank supervision could readily become politically dominated was voiced by George Shotwell, president of the Pennsylvania Bankers Association, and president of the Williamsport National Bank, commenting on a rider on House bill 3756, which would place the Federal Deposit Insurance Corporation under control of the Bureau of the Budget.

"Shifting of the FDIC from status of an independent corporation, able to move quickly and efficiently, to that of a politically controlled agency, constitutes a warning of which the bankers of this country should take immediate cognizance," he said, "since the force and effect of such a step could easily lead to an involvement of the Federal Reserve System and the office of the Comptroller of the Currency. All three agencies are supported wholly by bank assessments, fees paid by the banks for examinations and similar collections, receiving nothing from the Treasury and asking nothing from it.

"It is a well-established fact," he added, "that the operation of the FDIC has been highly successful. It has grown to be a billion-dollar corporation which now intends to retire the advance originally made to it by the United States Treasury and Federal Reserve System, of approximately \$289,000,000. We should exert every effort to preserve the individual status of agencies so vitally involved in the operation of our independent banking system."

[From the Chicago Journal of Commerce of July 7, 1947]

UNDERMINING THE FDIC

Some 14 years ago the public stopped depositing its money in mattresses and resumed the use of banks for that purpose. Almost single-handed the Federal Deposit Insurance Corporation has been responsible for restoring confidence in our banking system.

Congress is now acting upon a bill—H. R. 3756—which would seriously undermine that confidence. Section 308 of the measure, already passed by the House and now in committee before the Senate, would treat the FDIC as a wholly owned Government corporation.

By transferring the FDIC from title II to title I of the Government Corporation Control Act Congress would oblige the agency to submit an annual budget program for the following fiscal year, with estimates of operations, administrative expenses, and borrowings. By thus gravely hampering its flexibility of operations, our lawmakers would plant doubts in the minds of the holders of 90,000,000 deposit accounts—doubt that the FDIC could continue effectively to carry out the Federal deposit-insurance law.

No longer possessing a permanent insurance fund, the FDIC would find itself subjected to the vagaries of appropriation bills. Such a change would hardly create peace of mind on the part of depositors.

The FDIC is not supported, for the most part, by public funds. Of present resources of some \$1,100,000,000, the banks have paid in \$700,000,000 in assessments. Months ago the FDIC offered to return to the Government its original stake.

The FDIC is under constant scrutiny. Yearly it reports to Congress and to the Comptroller General, who audits the financial transactions of the Corporation. Its 14,000 insured banks also keep watch with Argus eyes. The FDIC has been run efficiently and without "venturing into unwarranted fields." The Comptroller General has described its accounting system as "well conceived, and its accounts are well supervised and kept."

As Chairman Maple T. Harl, of the FDIC, pertinently observes, "neither the comptroller of the currency nor the Federal Reserve System, both of whom operate with funds similar to ours * * * are budgeted or audited. It seems to me the same reasons should apply to the FDIC."

If Congress is averse to correct abuses and bad management, it has a broad field for action within the Government itself without hounding a semiprivate corporation which has done a first-class job since its inception.

[From the American Banker, New York City, July 3, 1947]

CONNECTICUT BANKS HIT BUDGET BUREAU CONTROL OVER FDIC

MANCHESTER, VT.—Richard Rapport, Connecticut commissioner of banking, appealed to bankers of the State to take an active part in the opposition of bankers elsewhere, and Federal and State bank supervisory authorities, to the inclusion of the Federal Deposit Insurance Corporation under the United States Budget Bureau control, as proposed in a measure placed before congressional committees in June.

Following Mr. Rapport's statement, the convention of the Connecticut Bankers Association here directed that the following resolution be sent to Connecticut Representatives in Congress and to the State's Senators:

"Resolved, That it is vital to the preservation of the banking system of our country and particularly vital to the protection of depositors that the Federal Deposit Insurance Corporation be continued as a completely independent agency, free from any possible political pressure or political involvement; that the inclusion of the FDIC in section 308 of H. R. 3756 is an example of recurring attempts to destroy that independence, and, therefore, that the FDIC should not be included in section 308 of H. R. 3756."

[From the Philadelphia Inquirer of July 8, 1947]

KEEP HANDS OFF FDIC

Howard A. Loeb, chairman of the Traders National Bank & Trust Co. of this city, calls timely attention to a dangerous measure, already approved by the House and now pending in the Senate Appropriations Committee, to bring the Federal Deposit Insurance Corporation under political control.

This is a proposal tied into the Government corporations appropriations bill to place FDIC under the Bureau of the Budget.

As Mr. Loeb points out, this might result, during times of stress, in limiting the aid the Corporation could give to endangered banks, or in delaying it, which would be equally perilous. FDIC funds are contributed by the banks to protect deposits.

The system, as an independent agency, has worked remarkably well. It has not been extravagantly conducted. It should be let alone. The provisions in this bill affecting its independence and, possibly, its safety, should be eliminated.

[From the Philadelphia Inquirer of July 7, 1947]

MOVE FOR POLITICAL CONTROL OF FDIC HIT

Not only would the Federal Deposit Insurance Corporation lose its independent status but its effectiveness would be seriously endangered if the House-approved Government Corporations Appropriations Act, 1948, now pending before the Senate Appropriations Committee, is enacted into law, Howard A. Loeb, chairman of Traders National Bank & Trust Co., warned yesterday.

Loeb said that by placing the FDIC under the control of the Bureau of the Budget, with its appropriation fixed months in advance, the FDIC, in the event of unforeseen or unpredictable economic developments, might find itself unable to come to the assistance of banks requiring aid due to lack of funds to pay the cost of maintaining a

staff to handle substandard assets taken over.

He said that FDIC administrative expenses are wholly proportionate to conditions prevailing in the banking world.

"The FDIC," Loeb said, "has done a very constructive piece of work, without fear or favor, and one devoted entirely to the best interests of depositors. Through its supervision of banking it has aided in strengthening the banking system and it would be extremely detrimental, particularly at this time, to end its independent status and place it under political control."

POLITICAL CONTROL SOUGHT

He also warned that if the FDIC is made subject to the Government Corporations Appropriations Act and its budget were under the control of the Budget Bureau; thus denying the right of the Corporation to use its own funds arising out of premiums paid by the banks and income on investments; it may foreshadow similar action with regard to the Federal Reserve System and the Office of the Comptroller of the Currency.

"From all indications," Loeb said, "this proposed legislation may be the first step of a move to bring all three bank supervisory agencies under political controls. All three are supported wholly by the banks. The salaries of the Comptroller of the Currency and those of the Board of Governors of the Federal Reserve System are paid by the banks out of current income.

LOSS OF INDEPENDENCE

"If this measure is enacted, it will not only mean the loss of the FDIC's independence, but it will also mean the possible use of bank-paid assessments, that in the past were a reserve against loss by bank depositors, to aid other Government programs."

Loeb added that attempts to pass similar legislation in the past had been halted before they reached advanced stages. In the present instance, the House Banking Committee, "where it could have been given careful consideration and its dangers and possible results properly appraised," was bypassed and the measure passed through the House Appropriations Committee instead.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. VANDENBERG and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Moore
Baldwin	Hawkes	Morse
Ball	Hayden	Murray
Barkley	Hickenlooper	Myers
Brewster	Hill	O'Connor
Bricker	Hoey	Overton
Brooks	Holland	Pepper
Buck	Ives	Reed
Bushfield	Jenner	Revercomb
Butler	Johnson, Colo.	Robertson, Va.
Byrd	Johnston, S. C.	Russell
Cain	Kem	Saltonstall
Capper	Kilgore	Smith
Chavez	Knowland	Sparkman
Connally	Langer	Stewart
Cooper	Lodge	Taft
Cordon	Lucas	Thomas, Okla.
Donnell	McCarthy	Thomas, Utah
Dworshak	McClellan	Thye
Eastland	McFarland	Tydings
Ecton	McGrath	Umstead
Ellender	McKellar	Vandenberg
Ferguson	McMahon	Watkins
Flanders	Magnuson	Wherry
Fulbright	Malone	White
George	Martin	Wiley
Green	Maybank	Williams
Gurney	Millikin	Young

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. AIKEN. Mr. President, before a vote is taken on sending the bill back to conference, I want to say that in sections 307 and 308 of the bill there is the most brazen attempt to destroy farm credit in America I have ever seen since I have been in the Congress. The credit agencies which would be crippled by adoption of these sections are the Federal Intermediate Credit Bank, the Federal Farm Mortgage Corporation, the Production Credit Corporations, the Regional Agricultural Credit Corporation, and the banks for cooperatives, and section 307 would also apply to the Commodity Credit Corporation, making it difficult, if not impossible, for those agencies to continue the work which they have done so well during the last few years. I hope the Senate will express its sentiments by voting unanimously to send the bill back to conference. So far as I am concerned, I never will accept any conference report on this bill which carries those sections, which are deliberately designed to cripple the farm lending agencies of America.

Mr. HILL. Mr. President, I wish to associate myself with what the Senator from Vermont has said. I desire to place the greatest emphasis I can on what he said respecting the Farm Credit Administration. We must not impair, hamper, or cripple the Farm Credit Administration.

Mr. BARKLEY. Can the Senator from Vermont tell us what is the genus of these efforts in the bill to cripple the farm agencies, including the Commodity Credit Corporation and the lending agencies which he has referred?

Mr. AIKEN. It would be very difficult to be sure whether it comes from over-grasping Federal agencies and their officials, or from a certain group of over-grasping bankers who would do everything within their power to destroy farm credit.

The PRESIDING OFFICER. The question is on the motion to agree to the conference report on House bill 3756. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Is the Senator from Oregon correct in understanding that if a Senator wishes to approve the conference report he will vote "yea," and if he wishes to send it back for further conference he will vote "nay"?

The PRESIDING OFFICER. A vote to reject is a "nay" vote.

The legislative clerk called the roll.

Mr. REED. I have a general pair with the Senator from New York [Mr. WAGNER]. I am informed that if he were present and voting, he would vote as I intend to vote. Therefore, I am at liberty to vote. I vote "nay."

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Wyoming [Mr. ROBERTSON] are necessarily absent. These Senators, if present and voting, would vote "nay."

The Senator from Indiana [Mr. CAPEHART] and the Senator from Iowa [Mr. WILSON] are unavoidably detained. If present and voting, they would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family. If present and voting, he would vote "nay."

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY], who is absent because of illness, would vote "nay," if present.

The Senator from Wyoming [Mr. O'MAHONEY], who is necessarily absent, would vote "nay," if present.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Idaho [Mr. TAYLOR], who are detained on official business, would vote "nay," if present.

The Senator from Texas [Mr. O'DANIEL], who is necessarily absent, would vote "nay," if present.

The Senator from New York [Mr. WAGNER], who is necessarily absent, and who has a general pair with the Senator from Kansas [Mr. REED], would vote "nay" if present.

The result was announced—yeas 1, nays 83, as follows:

YEAS—1

Russell

NAYS—83

Aiken	Hatch	Moore
Baldwin	Hawkes	Morse
Ball	Hayden	Murray
Barkley	Hickenlooper	Myers
Brewster	Hill	O'Connor
Bricker	Hoey	Overton
Brooks	Holland	Pepper
Buck	Ives	Reed
Bushfield	Jenner	Revercomb
Butler	Johnson, Colo.	Robertson, Va.
Byrd	Johnston, S. C.	Saltonstall
Cain	Kem	Smith
Capper	Kilgore	Sparkman
Chavez	Knowland	Stewart
Connally	Langer	Taft
Cooper	Lodge	Thomas, Okla.
Cordon	Lucas	Thomas, Utah
Donnell	McCarthy	Thye
Dworshak	McClellan	Tydings
Eastland	McFarland	Umstead
Ecton	McGrath	Vandenberg
Ellender	McKellar	Watkins
Ferguson	McMahon	Wherry
Flanders	Magnuson	White
Fulbright	Malone	Wiley
George	Martin	Williams
Green	Maybank	Young
Gurney	Millikin	

NOT VOTING—11

Bridges	O'Daniel	Tooley
Capehart	O'Mahoney	Wagner
Downey	Robertson, Wyo.	Wilson
McCarran	Taylor	

So the conference report was rejected.

Mr. FERGUSON. Mr. President, I move that the Senate further insist on its amendments still in disagreement and request a further conference with the House of Representatives thereon, and that the Chair appoint the same conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FERGUSON, Mr. REED, Mr. SALTONSTALL, Mr. McKELLAR, Mr. RUSSELL, Mr. OVERTON, and Mr. WHERRY conferees on the part of the Senate at the further conference.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the

Senate to House bill 3756, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES,
July 24, 1947.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 21 to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 9 to said bill and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert: "Provided further, That there shall be transferred to this account not to exceed \$765,000 of the funds available under sections 303 and 502 of Public Law 849, Seventy-sixth Congress, as amended; such total funds to be available for all necessary administrative expenses of the Office of the Administrator."

Mr. FERGUSON. I move that the Senate concur in the amendment of the House to the Senate amendment No. 9. The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 4326. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and

H. J. Res. 245. Joint resolution amending Public Law 27, Eightieth Congress.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 338. An act to amend the Plant Quarantine Act approved August 20, 1912, as amended, by adding a new proviso to section 1;

H. R. 72. An act to increase the number of authorized aviation stations operated by the Coast Guard, and for other purposes;

H. R. 673. An act to repeal certain provisions authorizing the establishing of priorities in transportation by merchant vessels;

H. R. 1238. An act to permit vessels of Canadian registry to transport certain merchandise between Hyder, Alaska, and points in the continental United States;

H. R. 1341. An act to authorize the Secretary of the Navy to establish a postgraduate school at Monterey, Calif.;

H. R. 1565. An act to codify and enact into positive law, title I of the United States Code, entitled "General Provisions";

H. R. 1566. An act to codify and enact into positive law title 4 of the United States Code, entitled "Flag and seal, Seat of Government, and the States";

H. R. 1567. An act to codify and enact into positive law title 6 of the United States Code, entitled "Official and Penal Bonds";

H. R. 1633. An act to amend section 16 of chapter V of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia";

H. R. 1714. An act to exclude certain interns, student nurses, and other student-employees of hospitals of the Federal Government from the Classification Act and other laws relating to compensation and benefits of Federal employees, and for other purposes;

H. R. 2054. An act to amend the act of April 14, 1930, to provide increased retired pay for certain members of the former Life Saving Service;

H. R. 2083. An act to codify and enact into positive law title 17 of the United States Code, entitled "Copyrights";

H. R. 2084. An act to codify and enact into positive law, title 9 of the United States Code, entitled "Arbitrations";

H. R. 2109. An act to amend section 1003 (b) of the Civil Aeronautics Act of 1938, as amended;

H. R. 3022. An act to promote the mining of coal, phosphate, sodium, potassium, oil, oil shale, gas, and sulfur on lands acquired by the United States;

H. R. 3043. An act to provide for the transfer of certain lands to the Secretary of the Interior, and for other purposes;

H. R. 3131. An act to extend for 3 months the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended;

H. R. 3541. An act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes;

H. R. 3619. An act relating to the sale of the Mission Point Lighthouse Reservation, Grand Traverse County, Mich.;

H. R. 3818. An act to amend the Federal Insurance Contributions Act with respect to rates of tax on employers and employees, and for other purposes; and

H. R. 4084. An act to authorize the creation of additional positions in the professional and scientific service in the War and Navy Departments.

INSTITUTIONAL ON-FARM TRAINING FOR VETERANS

Mr. TAFT. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 610, House bill 2181, relating to institutional on-farm training for veterans, with the understanding that debate on the bill shall be limited to 20 minutes, the time to be controlled by the Senator from Oregon [Mr. MORSE] and myself.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio?

Mr. HATCH. Mr. President, reserving the right to object—and I do not want to object—for I wish to help expedite the business of the Senate, if possible, there is on the calendar Order No. 602, House bill 3342, which not only I want very much to see considered, but I think the whole country is desirous of having a vote on that bill. May I ask the Senator from Ohio if he would be willing to indicate whether or not we might take up that bill, limit debate, and have a vote on it?

Mr. TAFT. Mr. President, it is not my intention to make any such motion, if that is what the Senator wishes to know.

Mr. HATCH. I ask the Senator from Ohio if he would indicate a slight willingness to proceed along the line I have just suggested.

Mr. TAFT. I think it would be deceptive to indicate any such slight willingness.

Mr. HATCH. Then I judge from what the Senator from Ohio has said, namely, that it would be deceptive for him to indicate such a willingness, that he is unalterably opposed to taking up the bill and having a vote on it.

Mr. TAFT. Let me say that so far as the Voice of America program is concerned, the proposal came before us and was fully considered in the Appropriations Committee. Hearings were held on the entire question. In spite of the lack of legislative authority, I withdrew my objection and let the appropriation go through. It was my understanding, at least, that that settled the matter for this year, and that we would take the rest of this year to consider the question of authority. For that reason I feel very strongly that we should not consider this matter until we have full opportunity to debate it.

Mr. HATCH. Mr. President, I have the floor, and I do not care to yield further.

Mr. TAFT. Mr. President, I thought I had the floor. I apologize to the Senator.

The PRESIDING OFFICER. The Senator from Ohio does have the floor. The Chair advises the Senator from New Mexico that the Senator from Ohio obtained the floor when the Senator from New Mexico concluded.

Mr. HATCH. The Senator from New Mexico had not concluded. The Senator from New Mexico yielded to the Senator from Ohio.

The PRESIDING OFFICER. The Chair apologizes, but he had no way of knowing.

Mr. HATCH. I did not yield the floor. Such was not my intention; and I object to being forcibly taken from the floor in that manner.

The PRESIDING OFFICER. The Chair regrets that he recognized the Senator from Ohio when the Senator from New Mexico concluded. Is there objection to the request of the Senator from Ohio?

Mr. HATCH. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Oregon.

Mr. MORSE. I merely wish to address a remark or two to my good friend from New Mexico. I think I thoroughly understand his position on this matter. Let me say to the Senator from New Mexico—

Mr. TAFT. Mr. President, I yield the floor. I have no desire to retain the floor.

The PRESIDING OFFICER. Does the Senator from New Mexico now desire the floor?

Mr. HATCH. Mr. President—

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. HATCH. My protest was voiced only against the procedure.

The PRESIDING OFFICER. The Chair duly apologizes.

Mr. HATCH. Mr. President, I accept, I am sure, as graciously as the Chair offers his apology. There is nothing personal involved.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. HATCH. No; I shall not yield now. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATCH. Is a motion in order?

The PRESIDING OFFICER. A motion is not in order, because there is a pending motion of the Senator from Nebraska [Mr. Wherry] to take up the so-called Kem resolution.

PROMOTION OF FOREIGN RELATIONS BY INTERCHANGE OF PERSONS, KNOWLEDGE, ETC.

Mr. HATCH. Mr. President, I ask unanimous consent that the pending business be laid aside and that the Senate now proceed to the consideration of Calendar No. 602, House bill 3342.

Mr. TAFT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Ohio?

Mr. HATCH. I do not yield.

Mr. TAFT. I thought the Senator from New Mexico had finished.

Mr. HATCH. The Senator from New Mexico has not finished.

House bill 3342 is to enable the Government of the United States more effectively to carry on its foreign relations by means of promotion of the interchange of persons, knowledge, and skills between the people of the United States and other countries.

In connection with the unanimous consent request which I have made I desire to make a few remarks. I do not care to yield the floor; I do not care to yield at all.

Mr. SALTONSTALL. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. Does the Senator yield for a point of order?

Mr. HATCH. I certainly have a right to be recognized on the pending matter. I have a right to retain the floor. I think I shall yield to my friend from Massachusetts. I wonder what his point of order is. No; I do not yield at all.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. HATCH. No; I do not yield.

Mr. President, I am afraid to yield even for a question, for fear I shall lose the floor.

The PRESIDING OFFICER. The Senator from New Mexico will please proceed.

Mr. HATCH. The Senator from New Mexico will proceed in his own time, in his own right, and according to his own desires.

Mr. DONNELL. Mr. President, a point of order.

The PRESIDING OFFICER. Does the Senator yield so that the Senator from Missouri may state his point of order?

Mr. HATCH. I do not.

The Senator from New Jersey [Mr. Smith] has just suggested to me that my unanimous-consent request is not in proper form, in that I failed to ask that the pending business be laid aside temporarily. I now amend my unanimous-consent request to include the word "temporarily"—that the pending business be temporarily laid aside in order that the Senate may proceed to a vote on House bill 3342. On that subject I desire to speak for a little while.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Will the Senator from New Mexico yield to the Senator from Nebraska for a parliamentary inquiry?

Mr. HATCH. I yield.

Mr. WHERRY. Reserving the right to object, I should like to ask whether a unanimous-consent request is debatable if it is objected to.

The PRESIDING OFFICER. The unanimous-consent request has not been objected to.

Mr. HATCH. Mr. President, I do not yield for any purpose except for a question. I have a right to discuss my unanimous-consent request. I am claiming the floor, and I expect to continue.

Did the Senator from Nebraska desire to ask me a question?

Mr. WHERRY. No.

Mr. HATCH. Mr. President, I shall take up this bill, title by title, and section by section, not only so that the Senators may know, but that the country may know what is going on in the Senate of the United States. I want the country to know, Mr. President, that the Senate of the United States and the Congress of the United States are so anxious, so eager to go home that they will not permit a Senator to discuss or debate this question. As I said yesterday, I am not asking a single soul to vote for this bill. If the Senate wants to vote against it, that is all right; but I shall demand that the Senate express itself, that it go on record, that it give the privilege to individual Senators to vote either yes or no. If I can have that assurance, Mr. President, if the leadership on the other side will say, "Certainly we will call up this bill. We will limit debate; we do not want to debate any length of time, possible 15 or 20 or 30 minutes, but we will have a vote on it," I will surrender the floor.

Again, Mr. President, I beg a poor boon from the Senate of the United States. I ask only a chance to vote; that is all. Has the time come in this country, a country of free, democratic institutions, when Senators will not even accord the privilege of a vote? Mr. President, it is a pretty sorry record that is being written this day in the Senate of the United States. I do not care how good a bill may be or how bad it may be, Senators should have the right to vote on it. As I said yesterday, here is a bill which was considered by the House committee for many days, which was debated at length on the floor of the House, and passed by that body by a 3-to-1 vote and which was also considered fully by the Senate committee; and yet the Senate will not even allow a vote on it.

Again I say, Mr. President, we are writing in the book of history a sorry and a sordid page which will rise up and confront free people everywhere. This is a Republican bill, Mr. President. I am a Democrat, and I am begging the Republicans to vote for their own bill.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. HATCH. Yes; for a question only.

Mr. MORSE. Does the Senator from New Mexico agree with the junior Senator from Oregon that when it comes to

applying the principle he has laid down, namely, that we ought to have a vote on any bill, good or bad, it applies also to the so-called Kem resolution?

Mr. HATCH. Yes. I said that this morning. I offered to yield to the Senator from Missouri [Mr. Kern]. I told the Senator from Missouri that I would vote for his resolution. I am not inconsistent. I am taking the position for which I have stood all my life, and I hope the time will never come when I recede from that position, that freemen ought to have the right to speak freely, and ought to have the right in the Senate of the United States to vote freely. May I ask those on the majority side if they will be willing to accord to us who believe in this bill this small consideration?

Mr. TAFT. Did the Senator ask me a question?

Mr. HATCH. No. Does the Senator want to ask me a question?

Mr. TAFT. I thought the Senator asked me a question.

Mr. HATCH. No; I cannot yield. I should like to, and I want to be courteous—

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. HATCH. I ask unanimous consent that the Senator from Nebraska may ask me a question and that I shall not lose the floor.

Mr. WHERRY. I should like to ask the distinguished Senator if he will permit us to vote first on the Kem resolution?

Mr. HATCH. So far as I am concerned, yes.

Mr. WHERRY. If that can be accomplished, the situation might be worked out.

Mr. HATCH. So far as I am concerned, my answer is "Yes," and I have no hesitancy about it. Is the Senator proposing something? We might get somewhere. I am not sure, however, because I have not the time and I am not in charge. When I see hesitancy on the other side of the aisle and see other Senators talking to the Senator from Nebraska and patting him on the shoulder, perhaps he went wrong in making his suggestion. But I say to the Senator from Nebraska that if we vote on the Kem resolution, which is a resolution to discharge a committee, the question would still be present, and that would not be quite fair. I want to be perfectly honest and perfectly fair with the Senator from Nebraska. Frankly, I would be glad to trade a poor, insignificant resolution relating to politics and nothing else for a resolution which may affect the peace of the world.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. HATCH. No; I do not yield.

Mr. President, as I was saying, if that is the sort of trading that has to go on in the Senate of the United States, I shall meet it, and I shall meet it before the people, too.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Missouri for a question?

Committee (p. 10368).

35. PURCHASING. S. 1728, by Sen. Aiken, Vt., for the more economical operation of the general supply fund of the Bureau of Federal Supply; to Expenditures in the Executive Departments Committee (p. 10368).
36. POULTRY. S. J. Res. 154, by Sen. Baldwin, Conn., to authorize issuance of a special series of stamps commemorating the 100th anniversary of the poultry business in the U. S.; to Civil Service Committee (p. 10368).
37. EXPORT CONTROLS. S. Res. 158, by Sen. Thomas, Okla., to direct the Agriculture and Forestry Committee to investigate administration of export controls on agricultural commodities by the Commerce Department; to Agriculture and Forestry Committee (p. 10369, where resolution is printed in full).
38. SMALL BUSINESS. S. 1740, by Sen. Murray, Mont., providing for a permanent Federal Small Business Corporation; to Banking and Currency Committee. Remarks of author. (p. 10435).
39. LEGISLATIVE REFERENCE. H. R. 4389, by Rep. Corbett, Pa., to amend the Legislative Reorganization Act so as to relieve the Legislative Reference Service of preparation of data in certain cases. To House Administration Committee. (p. 10357.)
40. PERSONNEL RETIREMENT. H. R. 4397, by Rep. Lenke, N. Dak., to equalize the retirement benefits payable to Federal employees; to Post Office and Civil Service Committee (p. 10357).
41. PRICE CONTROL. H. J. Res. 253, to reestablish effective price and rent control; to Banking and Currency Committee (p. 10357).

ITEMS IN APPENDIX - July 25

42. ST. LAWRENCE WATERWAY. Sen. Aiken, Vt., inserted a radio interview with Sen. Wiley on this proposed project (pp. A4061-2).
43. COOPERATIVES. Rep. Patman, Tex., inserted his address defending cooperatives against current criticisms (pp. A4063-6).
44. SOIL CONSERVATION. Sen. Stewart, Tenn., inserted a Farm Bureau summary of H. R. 4150, H. R. 4151, and S. 1621, to divide SCS functions between ARA and Extension Service (pp. A4067-8).
45. AGRICULTURAL APPROPRIATIONS. Extension of remarks of Rep. Bennett, Mo., defending congressional reductions in USDA appropriations (pp. A4083-5).
46. CONGRESSIONAL REORGANIZATION. Extension of remarks of Rep. Kefauver, Tenn., favoring additional changes in congressional organization, etc. (pp. A4086-7).
47. FLOOD CONTROL. Extension of remarks of Rep. Banta, Mo., criticizing administration of the flood-control program and urging more coordination of the various participating agencies (pp. A4087-8).
48. POULTRY. Extension of remarks of Rep. Boggs, Del., commending development of the poultry industry in the U. S. (p. A4092).

SENATE - July 26

49. APPROPRIATIONS. Agreed to the second conference report on H. R. 3601, the agricultural appropriation bill, and concurred in the House amendment to the Senate amendment regarding the school-lunch program (pp. 10486-9). This bill will now be sent to the President.

Both Houses agreed to a revised conference report on H. R. 3756, the Government corporations appropriation bill, which, in addition to provisions of the first version of the conference report, eliminates Sec. 307 of the bill, regarding additional corporation controls (pp. 10522-6, 10528, 10577-9). This bill will now be sent to the President.

Both Houses agreed to the conference report on H. R. 4269, the first supplemental appropriation bill, 1948 (pp. 10539-49, 10604-5). This bill will now be sent to the President. The conferees agreed to \$75,000 for the Insecticide, Fungicide, and Rodenticide Act, \$17,500 for the BAI animal-husbandry item, \$600,000,000 for government and relief in the occupied areas, a provision expressing congressional opinion that expenditures for food stuffs should be for those items which can be purchased with benefit to the national economy, and \$210,000 for Sugar Rationing Administration.

Passed with amendments H. R. 4347, the second supplemental appropriation bill, and both Houses agreed to the conference report (pp. 10460-1, 10480-6, 10571, 10587-93, 10630-1). This bill will now be sent to the President. The Senate inserted \$500,000 to continue the Remount Service in the War Department temporarily, and the conferees agreed to \$350,000 for this purpose (p. 10483). The Senate inserted \$15,000 for E&PQ insect investigations, and the conferees agreed to \$5,000 for this item (p. 10482). The Senate increased the item for the Commission on Organization of the Executive Branch from \$500,000 to \$1,000,000, and the conferees agreed to \$750,000 (p. 10481).

Sens. Lucas, Ill., and Myers, Pa., discussed appropriation reductions and the history of the Legislative Budget, criticizing the manner of effectuating this provision (pp. 10504-10, 10518-19).

The "Daily Digest" includes a statement showing the amounts in the various appropriation bills in their different legislative stages (p. D616).

50. CROP INSURANCE. Both Houses agreed to the conference report on S. 1326, to limit the crop-insurance program to essentially an experimental basis (pp. 10478-9, 10580-1). This bill will now be sent to the President. The conference bill authorizes wheat insurance in 56 counties, corn and flax insurance in 50 counties each, and tobacco insurance in 35 counties; includes the Senate provision regarding reconstitution of the board of directors of FCIC, the Senate provision regarding suits against FCIC and by it, and the Senate limitation on reinsurance.

51. MARKETING AGREEMENTS. Passed without amendment H. R. 452, to make various amendments to the Agricultural Marketing Agreement Act (pp. 10463-4). This bill will now be sent to the President.

52. FORESTS. The "Daily Digest" states that H. J. Res. 205, to authorize sale of timber in the Tongass National Forest in such a way as to facilitate pulp production in Alaska, was passed (p. D612); however, the Congressional Record itself does not show this action, since it went to press before the Senate adjourned.

Passed without amendment H. R. 3395, to add certain lands to the Modoc National Forest, Calif. (p. 10467). This bill will now be sent to the President.

close and we would lose the amount of metal which is brought in to the market through this method of assistance.

As to lead, for the same period of 52 months, there were 790,538 short tons of premium production, and 1,047,124 short tons—under nonpremium production.

In 1946, premium payments of \$75,000,000 were made to producers of lead, zinc, and copper in approximately 25 States. Let me remind Senators that under the terms of the bill the payments are limited to \$35,000,000 for the 2-year period contemplated. Let me mention several of the States which have mines receiving premium payments: Arizona, Arkansas, California, Colorado, Idaho, Illinois, Kansas, Kentucky, Michigan, Missouri, Montana, Nevada, Oklahoma, Tennessee, Texas, Utah, Washington, Wisconsin, New Mexico and a half-dozen others. One thousand and eighty-two mines were kept open by the operation of the plan.

Manganese has been made subject to the bill. It is estimated that the necessary payments for manganese would not exceed \$1,500,000 for the first year, and \$3,000,000 the second year, or a total of \$4,500,000. Based on manganese production figures issued by the United States Bureau of Mines, shipments of manganese ore, 35 percent or more manganese, from mines in the United States in the period from 1941 to 1946, in short tons, were as follows: 1941, 73,000 tons plus; 1942, 177,000 tons plus; 1943, 195,000 tons plus; 1944, 241,000 tons plus; 1945, 174,000 tons plus; and 1946, 141,400 tons.

Must we have metals from our marginal mines? Let me repeat the production history of premium and nonpremium mining during the months since the plan came into operation. I think we should fasten these figures firmly in mind, for they give us the key to the solution of our problem.

During the 52 months covered there were 891,653 tons of premium copper production, as contrasted with 3,139,851 tons of nonpremium production. I may mention that during some of those years the premium copper production went as high as 36.6 percent of the total amount produced. The figures I am giving are an average over the 52 months. The figures for zinc are 1,610,544 premium tons, as contrasted with nonpremium production of 1,404,000 tons; lead, 790,538 short tons of premium production as contrasted with 1,047,124 short tons of nonpremium production.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Colorado. It is my understanding that the Reconstruction Finance Corporation is authorized to make these payments without an appropriation for the time being—that is, to advance the payments. Is that correct?

Mr. MILLIKIN. That is correct.

Mr. JOHNSON of Colorado. From reading section 5 it is my further understanding that the Commerce Department, out of its current funds, can pay for the administration of the act.

Mr. MILLIKIN. I may say that the second supplemental appropriation act

which has passed the Senate has in it an item to take care of the administrative expenses of this program.

Mr. JOHNSON of Colorado. In the Department of Commerce?

Mr. MILLIKIN. In the Department of Commerce.

Mr. BARKLEY. Mr. President, I do not want to interrupt the Senator, but I wish to read at some time during the discussion a letter from the Chairman of the Reconstruction Finance Corporation concerning this matter.

Mr. MILLIKIN. I have no objection to having it read now.

Mr. BARKLEY. It might be well to read it now, in order to have the Senator's comments on it. The letter is as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, D. C., July 22, 1947.
Hon. ALBEN W. BARKLEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BARKLEY: Reference is made to H. R. 1602, which provides for the continuation of the premium-price plan for copper, lead, and zinc for an additional 2-year period beyond June 30, 1947, and which, as passed by the House of Representatives on July 22, 1947, adds manganese as an additional material on which premiums are to be paid.

We were not requested to submit a report to the House Public Lands Committee or to testify concerning the bill. However, inasmuch as it provides that the RFC shall disburse the premium payments, we consider it expedient to point out that, in the light of 5½ years of experience with the plan for copper, lead, and zinc, the amount of money authorized will be insufficient to accomplish the desired purposes.

The bill authorizes a maximum expenditure of \$70,000,000, with not more than \$35,000,000 to be expended during the year ending June 30, 1948. Other provisions make it quite plain that the premium-price plan as operated during fiscal 1947 is not to be curtailed as respects benefits to producers, but is to be expended, particularly with regard to premiums for exploration projects. The present rate of disbursements on copper, lead, and zinc, based on available figures for March and April 1947, is in excess of \$3,500,000 a month, and our estimate is that between \$3,500,000 and \$4,000,000 would be needed monthly for such metals during fiscal 1948 if the bill becomes law. This does not take into account premium payments on manganese, which has not heretofore been embodied in the plan and for which no procedure has been set up. Likewise, it makes no provision in the case of the four materials for a declining market. It should be borne in mind that if the prevailing high prices for the subsidized materials should decline, the amount of the subsidy paid will proportionately increase. During fiscal 1947, when price controls were eased and then gradually abandoned, we will have disbursed approximately \$60,000,000 on copper, lead, and zinc premiums.

Under the terms of the bill we would feel obligated to discontinue disbursements when the \$35,000,000 ceiling had been reached. However, we have reason to believe that producers will insist that the bill gives them a 2-year guaranty of operations and that they are entitled to payment for any eligible production derived during such period. Thus the question of a deficiency appropriation to pay off such accrued amounts would be presented. Further, a difficult administrative situation is created, which we believe might give rise to claims and possibly litigation against the Government for reimbursement of expenditures allegedly made in reliance on the statute.

If the present dollar limitation is to be retained, we feel that the Congress should indicate clearly that this is a limited program, to be tailored within the exact sums authorized. The Department of Commerce, which will certify the premiums to RFC for payment, would be able to project its quotas on a definite basis, and the producers could likewise raise no questions as to the exact amount of funds available.

We have not had an opportunity to give much thought to the question of the inclusion of manganese within this plan since the matter was first brought to our attention today. However, it is desired to point out that manganese is marketed in an entirely different manner than copper, lead, and zinc and that the existing procedures for copper, lead, and zinc could not apply to manganese.

We express no opinion as to the merits of the bill. Should further comments be desired, we shall be glad to supply same.

With best wishes.

Sincerely yours,

JOHN D. GOODLOE,
Chairman.

From that letter, which is signed by John D. Goodloe, Chairman of the Reconstruction Finance Corporation, there is no provision in the bill for any monthly allocation of the \$35,000,000 a year, so that the amount would be spread out over the 12 months, and if the Department of Commerce should certify that the \$35,000,000 might be exhausted before the end of the year, and, of course, unless Congress provided a deficiency appropriation, there would be no funds available toward the end of the year.

I should like the Senator's views upon the letter, in which Mr. Goodloe takes no position as to the merits of the bill, but calls attention to the possibility that the \$35,000,000, under the contingencies suggested, might not be sufficient to pay the premium certified by the Department of Commerce, even on copper, lead, and zinc, to say nothing of the additional material involved in manganese.

Mr. MILLIKIN. Mr. President, the bill has nothing in its to justify the fears of the Reconstruction Finance Corporation. As an administrative matter, it will be the duty of the Department of Commerce to tailor its premiums and plans according to the appropriations authorized, which are \$35,000,000 for each of 2 years. There is no requirement that the Department of Commerce evenly apportion that amount month by month or that it make an uneven apportionment. It will be its job to draw up an operating plan that will operate within the amount of \$35,000,000 a year for 2 years.

Mr. BARKLEY. I am trying to clarify the situation. Unless they set up an operating program in which they allocated for each of the 12 months the \$35,000,000 available, how would they guard against the possibility of expending it in 10 months and have none for the last 2 months?

Mr. MILLIKIN. They have complete liberty of action in setting up standards on which the premium payments shall be paid. They can be expanded and contracted so that they can spend \$200,000,000 a year or \$1,000,000 a year. They have complete discretion to gauge their expenditures to fit the money authorization.

Mr. BARKLEY. The RFC is required to pay, under the plan as it has heretofore existed, whatever premiums the Department of Commerce certifies as being due?

Mr. MILLIKIN. The Reconstruction Finance Corporation pays on the authorizations of the Department of Commerce. The Department of Commerce must look to the authority given by this bill and act accordingly. It seems clear as day that this bill limits its operation to \$35,000,000 a year for each of 2 years, and that they will have to tailor the program accordingly.

Mr. BARKLEY. The safest way to tailor the program would be to divide the \$35,000,000 by 12 to see how much would probably be available each month.

Mr. MILLIKIN. Senator, I do not know that that would be practicable, because, offhand, I do not know how the load of business in this premium-payment plan runs, whether there is a level, equal monthly payment history or whether there are months of heavy and light loads. But the end point is that we are trusting this job to the Department of Commerce, and that department will have to regulate itself administratively to comply with the law.

There is one more observation that I should like to make as to the source of the funds—

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. McFARLAND. The standards by which they are to administer the program are provided by the bill, are they not?

Mr. MILLIKIN. The authority of the Department of Commerce is in this bill. They have \$35,000,000 to spend in each of 2 years. It is up to them to handle the matter in such a way as to keep within the authorization.

There has been some discussion as to where the money would come from for premium payments and for administrative expenses, and I should like to say something on that for the RECORD.

James L. Dougherty, general counsel, RFC; Morris Levinson, Director, Office of Metals Reserve, RFC; and Harold W. Sheehan, counsel, Office of Metals Reserve, RFC, are of the opinion that, due to an attitude recently expressed by Congressman Wolcott, section 5 of H. R. 1602, which states, "There is hereby authorized to be appropriated sums sufficient to carry out the provisions of this act," may later be construed that an appropriation of \$35,000,000 by the Congress is necessary to provide funds for payment of metal premiums.

They state that RFC has, as a Government corporation, general funds on hand from which they will draw to pay premiums under H. R. 1602. H. R. 1602 will authorize expenditures from this RFC money, and these three men agree no separate appropriation is necessary to effectuate payments under H. R. 1602.

It was the intent at the time of drafting section 5 that it should authorize appropriations for the purely administrative functions of the Department of Commerce in administering this plan. As we know, the Bureau of the Budget author-

ized \$300,000 for the Department of Commerce to use for the purpose. Earlier today the Senate approved an amendment to the second supplemental bill containing that \$300,000; and the able Senator from Oregon [Mr. CORDON] has just informed me that it has been approved in conference. So we shall be completely ready to go, without any further authorizations, when this bill is passed.

We were discussing the metal from marginal mines. Let me make a few brief observations on that subject:

All impartial estimates show that, at best, under present conditions we shall not be able to meet the demands for metals necessary to meet our present-day requirements. Estimates vary; but 1,200,000 tons of copper, 1,000,000 tons of zinc, and 1,000,000 tons of lead will certainly be needed this year; whereas, with all our present mines operating, both premium and nonpremium, we probably shall not be able to produce more than three-quarters of our estimated needs.

We shall be compelled to import more metal; but in doing so it should be remembered that there are world-wide shortages, that Europe has been devastated, and so have parts of the Near East; and it is also true that metals in ever-increasing quantities are needed in other countries for rehabilitation and new construction projects.

Mr. President, is the plan needed for national defense?

If these mines are allowed to shut down and become inundated and disintegrated, its crews and working personnel disbanded, its managerial know-how scattered, America will be less prepared to meet an emergency than she was in the last war, when many American boys lost their lives largely because of metal shortages needed to equip them with proper armament.

Mr. President, I have been quoting from a very fine statement on the subject by Robert Palmer, who is connected with our Colorado Mining Association. I continue to quote:

It involves not only an economic loss to our entire economy to shut down our mines, but it is particularly dangerous at this time in view of world-wide conditions. We should not forget that 54 out of 60 ships bringing ore and metal to our shores during the last war were sunk. Can we afford to rely on subsidized foreign production for our safety and security? Is it not possible for these supplies to be shut off almost overnight by foreign governments, especially of the dictator variety? Abandoned American mines cannot be reopened overnight in the event of an emergency.

Mr. President, the need for stock piling these metals is well known. I have made inquiries of the chairman of the Strategic Metals Committee, Army and Navy Munitions Board, who authorizes me to say:

The tightness of copper, lead, and zinc has precluded any stock piling purchases of these metals under the act.

Mr. President, I could go into detail on this matter, but I think everyone will appreciate that there are some confidential aspects to it, and that general disclosure of the exact facts should not be made.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. DWORSHAK. On that point, did the Senator observe the statement released today by Secretary of War Royall,

to the effect that stock piling has been neglected to such an extent that today our metal reserves are at the all-time lowest point? He stressed emphatically the need of doing something to create reserves particularly of copper, lead, and zinc—metals which we would need in the case of another international disturbance.

Mr. MILLIKIN. Mr. President, I now remember the story, and I thank the Senator for reminding me of it.

I wish to say also that our strategic domestic peacetime needs—I cite copper as an example—in industry have been so dire that to help out stock-pile ores have been released to private industry. That was well developed in connection with the debate we had here on the duty free importation of copper.

Let me conclude with this: Although I do not know what the exact total amount of the appropriations will be, nevertheless, we are appropriating somewhere in the neighborhood of \$10,000,000,000 or \$11,000,000,000 to preserve the strength of our military establishment. It would seem to me to be the very height of folly to spend that much money for military preparedness, and at the same time neglect this fundamental opportunity to help get in hand at relatively modest cost the strategic metals without which all those larger plans are useless.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES—CONFERENCE REPORT

Mr. FERGUSON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, 31, and 33, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$18,700,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$5,000,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert the fol-

lowing: "one hundred and sixty-one"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In line 13 of said amendment strike out the figure "\$4,714,397" and insert in lieu thereof "\$4,125,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$4,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

"Amount equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$1,400,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,250,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert "\$11,500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That \$175,000 shall be available only for the audit and revision of past accounting records"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof "\$250,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the figure stricken out and inserted by said amendment insert "308"; and the Senate agree to the same.

The committee of conference report in disagreement amendment No. 29.

HOMER FERGUSON,
CLYDE W. REED,
KENNETH S. WHERRY,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
JOHN H. OVERTON,

Managers on the Part of the Senate.

WALTER C. FLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

Mr. FERGUSON. Mr. President, I ask unanimous consent for the present consideration of the report.

There being no objection, the Senate proceeded to consider the report.

The PRESIDENT pro tempore. The question is on agreeing to the report.

Mr. AIKEN. Mr. President, may we have an explanation of the report?

Mr. FERGUSON. I am glad to explain it. I shall discuss the action of the House on the Senate amendments,

particularly No. 32, being section 307, and No. 33, being section 308.

Mr. President, when the previous conference report was before the Senate yesterday, it was sent back to conference by an almost unanimous vote.

At the conference today, the conferees on the part of the Senate were able to obtain agreement to striking out section 308. That is the section which read as follows:

Section 101 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended by adding at the end thereof the following:

This was the language that was objectionable:

"This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, so long as these corporations have funds of or loans from the Government of the United States."

Mr. President, when Public Law No. 248 of the Seventy-ninth Congress was passed, it contained two sections, one relating to wholly owned Government corporations, and one relating to mixed ownership Government corporations. So, by striking out that section, section 307, which was left in the bill with one slight alteration would not apply to partly owned corporations, but would apply only to wholly owned corporations.

Mr. President, section 104 of Public Law 248 was, in a way, ambiguous. I shall read the language and then try to explain to the Senate exactly what we try to do by the conference report.

I read section 104, which was amended:

The budget programs transmitted by the President to the Congress shall be considered, and if necessary, shall be considered—

The clause "and if necessary" is what was complained of in the House of Representatives. They complained that every time they bring this matter up it becomes necessary to get a suspension of the rule on account of this language. It continues:

Legislation shall be enacted making available such funds or other financial resources as the Congress may determine.

What section 307 of the law really does is to allow, under the control of Congress, the right on the part of Congress to determine whether or not the capital or money advanced by the Government to any wholly owned corporation should be returned, and whether or not the dividends or any other money should be paid into the Government of the United States.

We have amended that section and deleted the words "for the fiscal year 1949 and each year thereafter," because when we eliminated section 308 there was no need for that language.

I should say to the Senate that the original language contained in the House bill, which we changed, read:

The budget programs transmitted by the President to Congress shall be considered—

It will be noted that we left out the words "if necessary" so that it now reads:

The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use—

We have stricken out the word "use" and inserted this language, "making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends."

The reason for putting in the words "for operating and administrative expenses" was that, in auditing, one auditor may call an item "administrative expenses," and another auditing firm may refer to it as "operating expenses." The conference had in mind that all we want to cover is administrative expenses, but we did not want some departments of the Government or some of the agencies listing everything as operating expenses and nothing as administrative expenses, so that we would find the law to be meaningless. I state for the record that the intention of the conference was to apply this to the ordinary administrative expenses, as we did not want to find agencies listing expenses as operating expenses instead of administrative expenses.

Mr. AIKEN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. Does the Senator say that it is not intended that the word "operating" should cover the money which is used for lending purposes?

Mr. FERGUSON. I say for the RECORD that it was not the intention to include as "operating expenses," as the language is used in this section, anything other than plain ordinary administrative expenses. I say specifically that it does not include the money that may be loaned, money that may be lost on a loan, or similar expenses, or insurance funds. It does not cover anything in relation to an actual insurance fund in payment for a loss.

Mr. AIKEN. The directors of the farm-credit banks will determine the amount necessary for loans, just as they always have, will they not?

Mr. FERGUSON. Farm credit comes under section 308, and it is stricken out, so that it is not now covered.

Mr. AIKEN. Section 307 does cover the wholly owned Farm Credit Corporation, does it not?

Mr. FERGUSON. Yes; it covers the wholly owned Farm Credit Corporation, in section 104 of the law, and is in the first title of Public Act No. 248, Seventy-ninth Congress, and applies only to wholly owned corporations.

Mr. AIKEN. Those are the Federal Intermediate Credit Bank and the Federal Farm Credit Corporation, which is virtually in process of liquidation since July 1. Production credit corporations are not included?

Mr. FERGUSON. By reference to title 1, Public Law 248, of the Seventy-ninth Congress, it will be seen many corpora-

tions are included. Production Credit Corporation is a wholly owned corporation, and would be covered by this language.

Mr. AIKEN. And would the original Agricultural Credit Corporation be covered?

Mr. FERGUSON. Yes; the original Agricultural Credit Corporation is included. It is now covered.

Mr. AIKEN. Section 307 also applies to the Commodity Credit Corporation?

Mr. FERGUSON. It applies to the Commodity Credit Corporation.

Mr. AIKEN. It is not intended, is it, that the directors of these banks shall have to come to the Bureau of the Budget or the Congress each year to get permission in advance to do a certain amount of business?

Mr. FERGUSON. The Senator means businesses using a certain amount of capital?

Mr. AIKEN. In the making of loans.

Mr. FERGUSON. The Senator is correct, as I understand the section.

Mr. AIKEN. I think the administrative costs are already covered.

Mr. FERGUSON. That is also correct.

Mr. AIKEN. Then, the sole purpose is to make sure that the law relating to administrative costs is not evaded by calling them "operating costs"?

Mr. FERGUSON. That is one thing. But I must explain to the Senator that another feature is that it allows Congress to retain the right to say to any of these agencies that they shall return a certain amount of money which has already been advanced by the Federal Government, or dividends thereon. I was of the opinion that that was true as a matter of law today, for that which Congress has granted Congress can revoke. But there was a desire that the matter be cleared up because in the old law, section 104, the words "if necessary" were used, and so we inserted in language a provision retaining that right.

Mr. AIKEN. I am sorry the House Committee on Appropriations permitted these two amendments to go into the bill without giving any of the agricultural credit agencies or any farm organizations an opportunity to be heard. It is rather difficult for me to see at the moment exactly what the effect of removing section 308 will be. I dare say it makes it better from an agricultural viewpoint.

I also agree that extending the time for the law to take effect for 1 year—

Mr. FERGUSON. That is not in the bill now.

Mr. AIKEN. Will it take effect immediately?

Mr. FERGUSON. It will take effect immediately, because section 308 is out.

Mr. AIKEN. I am afraid that the objection of the farm people has not been met. Since the conference report was submitted to the Senate yesterday I have received objections to it from the Council of Farm Cooperatives, who said it would disastrously affect them; the California Citrus Growers Association; a representative of the National Grange; the National Federation of Milk Producers; a representative of the Farm Bureau, and I have also had contacts with the Farm Credit Administration,

and they say it will make it very difficult if not impossible for them to continue to do business.

Mr. FERGUSON. Are the corporations to which the Senator referred partly owned Government corporations?

Mr. AIKEN. Would the bill as amended apply to the Central Bank for Cooperatives, which is a partly owned Government corporation?

Mr. FERGUSON. It would not, because it would remain under title II of Public Law 248, where it is now.

Mr. AIKEN. However, the other banks, such as the Production Credit Corporation and the others, do depend on the intermediate credit banks to get their money. I am sure the Senate does not intend to do any harm to these agencies, which have been so conservative and have done so much good in the field of agricultural credit. That is the reason I am asking the questions. But as I understand, it is not intended by this conference report that these Government agencies shall have to go to the Bureau of the budget to find out how much money they can lend during the year.

Mr. FERGUSON. The Senator is correct on that.

Mr. AIKEN. The word "operating" was the word that was objected to most particularly by those who would have been affected if it were interpreted to mean the loaning of funds as well as administrative expenditures.

Mr. FERGUSON. That is the reason I make this explanation on the floor. I have a memorandum showing what the conferees decided and what was stated on the floor of the House. I think there was only one dissent by a Member of the House. I submit the memorandum, and ask to have it printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

Section 308 of this bill which includes the following mixed ownership Government corporations:

(1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation has been eliminated.

It is the opinion of the conferees that it is for the best interests of our country that the mixed ownership of such corporations be terminated at the earliest opportunity that is practicable by their buying out the Government's interest.

It is our belief that this will in no way affect the proper operation of such institutions.

Legislation to accomplish this purpose is now before the Eightieth Congress in the case of FDIC. Eleven of the 12 Federal Land Banks have already achieved this.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. BYRD. What change, if any, is made in title I of the original act, with reference to the wholly-owned Government corporations?

Mr. FERGUSON. The change is in section 104.

Mr. BYRD. I have a copy of the act.

Mr. FERGUSON. I will read it the way it is amended:

The budget programs transmitted by the President to the Congress * * * shall be considered—

The words "if necessary" are stricken out. It then continues just the same.

And legislation shall be enacted making available such funds or other financial resources as the Congress may determine.

It now reads:

shall be considered and legislation shall be enacted making necessary appropriations—

This is added:

as may be authorized by law.

These are new words:

making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine, and providing for repayment of capital funds and the payment of dividends.

Mr. BYRD. Does that remove any of the corporations in title I from Budget control?

Mr. FERGUSON. It does not remove any in title I from Budget control.

Mr. BYRD. In other words, all the corporations listed in title I are still subject to Budget control and to audit control?

Mr. FERGUSON. That is correct.

Mr. BYRD. With respect to the section 308, which is eliminated by the conference report, that leaves the partly owned corporations where they are now, does it not?

Mr. FERGUSON. That is correct; exactly where they were left by Public Law 248.

Mr. BYRD. So as a matter of actual operation, the changes made in the conference report do not alter substantially the original act?

Mr. FERGUSON. That is correct, except clarifying it, as I have indicated.

Mr. BYRD. The Senator referred to the operating and administrative expense?

Mr. FERGUSON. That is correct, and the right of repayment or recapture.

Mr. BYRD. Can the Senator assure me that title I was not disturbed with respect to the Budget control of those corporations?

Mr. FERGUSON. I give the Senator that assurance, because in the discussions in the conference that was the understanding of the conferees.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I shall be glad to yield.

Mr. PEPPER. I do not have the exact words before me, but the Senator will recall that when we had this bill up on a previous occasion the Senate agreed to the House provisions relative to housing authorities being permitted to pay to municipalities in lieu of taxes any amount "in excess," or, at least, any sum larger than was agreed to in the original contract between the Housing authority and the municipality. Does the able Senator from Michigan have the language of limitation before him, so he can read it?

Mr. FERGUSON. I will read the language of the limitation:

Provided further, That no part of this appropriation shall be used to pay any public housing agency any contribution covered by payments in lieu of taxes in excess

of the amount specified in the original contract between such agency and the Federal Public Housing Authority.

Mr. PEPPER. Mr. President, I should like to have a statement from the Senator which might aid in clarification of the meaning of that act. It is my recollection that the able Senator from Michigan previously stated that that limitation did not apply to an original contract between the housing agency and a municipality, where no sum was agreed upon to be paid the municipality by the housing authority in lieu of taxes. I understood that the able Senator said that if no sum was agreed upon in the original contract, a subsequent agreement upon the subject would be permissible between the Authority and the municipality. I make that inquiry, Mr. President, because in my State about 20 or 21 of these authorities did not specify in their original contracts any sum to be paid to the municipality in lieu of taxes. I think there are 150 authorities having such contracts, so I want the able Senator to tell us whether under that act, if there were no sum agreed to in the original agreement, it would not be permissible for the housing authority and the municipality to agree upon and fix the sum to be paid in lieu of taxes which would ordinarily be paid by the municipality.

Mr. FERGUSON. Mr. President, I hope that the explanation I make will not be too long, but I think it ought to be clear to the Senate that when the municipalities desired to build public housing, they were required by a Federal enactment to obtain legislation in each State to the effect there would be no taxation by local subdivisions, cities, counties, or States upon Government property used for the housing program; but that they would agree to make a contribution of 20 percent of the amount that the Federal Government was putting up, on its part, toward the payment of debt and interest.

Since my previous statement on the floor, I obtained one of the contracts which it was suggested might contain no provision for taxes. It was one from Louisville, Ky. An examination of it showed that the contract repeatedly provided that no taxes or amount in lieu of taxes would be assessed; therefore this section would apply in that instance. What I had in mind, and what I understood from the able Senator from Kentucky was that there was no contract at all covering the question of taxes or contributions. An examination of the contracts brought me to the conclusion—and I am satisfied that it is accurate—that all the contracts provide for an amount because it is stated that no sum shall be given, and therefore this section should apply. What the section really means is that when FPHA discovered that some cities had agreed to assess no taxes, and so specified in the contract, payments should be made by regulation of the FPHA, payments not called for by the contract. Some have provided for the payment of a dollar. Some have specified that the taxation would be the same amount as on the slum districts. Others have provided for 2 percent.

Others have provided for 3, 4, and 5 percent. I do not believe there were any provisions above 5 percent. But FPHA went to these cities and said to them "You should change your contract. You should change it so that it will read 10 percent of the shelter rent." Then the Federal Government would be compelled to make up the amount between \$1 and 10 percent, or where there was a stipulation that there would be no amount, the Federal Government would have to make up in a subsidy from no amount to 10 percent. Where it was 2 percent it would be raised to 10 percent.

Mr. President, I say that this provision applies to all contracts, because all contracts contain a provision in relation to payments in place of or instead of taxation.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. PEPPER. In that case the Senator fails to recognize the reason which caused the National Housing Agency to try to bring these contracts into uniformity. I have procured from the committee, at the suggestion of the Senator from Michigan, a statement listing the various categories of original agreements between the housing authorities and the municipalities. Here is a long list which covers more than a page of cases in which there was an agreement that nothing at all should be paid. Here is another category in which a certain percentage was to be paid. Here are other categories in which different amounts were to be paid. The housing authority was simply trying to establish something like uniformity in all these agreements. So they suggested that a common pattern generally be followed. That was the reason why the Housing Authority took part in what might be called the renegotiation of these original agreements. Today those agreements, as worked out by the Housing Authority and the municipalities, are in force all over the country. Now the provision in the bill is going to disrupt those contracts, those agreements which were made pursuant to the law of 1937, with legislative permission and authority. I see no reason why the Congress should invade this field where the Housing Authority and the municipalities have by mutual agreement worked out this arrangement, which shows what can be done.

I was hoping that the language would be literally construed as being what it says, namely, that at least if there were no specific agreement as to amount, the contract could be renegotiated and an amount provided which would be mutually satisfactory.

I want to say to the Senator that in my humble opinion, and from the advice I have received from the 21 housing authorities in my State—I understand there are 150 in the country—the provision as incorporated in the report, as the Senator now interprets it contrary to his previous interpretation, is going to render a great disservice to the poorer people of the country.

Mr. FERGUSON. In relation to what I said previously, I will say that I had

not seen the contracts. I think the RECORD is clear on that. After an examination of the contracts I find, and I believe it to be the fact as to each of them, there is a provision in relation to taxes, and it is stated specifically that no amount shall be paid in lieu of taxes. Therefore it is a violation of this section.

Mr. PEPPER. Mr. President, I respectfully suggest that the able Senator is confusing the requirement that the cities surrender the taxes they would ordinarily collect to meet another provision of the national housing law, and that those agreements are not the kind of agreements we are now discussing. The agreement that is inhibited by this language in the bill is a distinct agreement as to an amount to be paid in lieu of taxes. The surrender of the taxes they would ordinarily collect was a condition precedent to a municipality receiving these housing projects at all. I am afraid the able Senator from Michigan is confusing that surrender of taxes on the part of the municipality with the agreement between the two pursuant to the act of 1937, that they could enter into an agreement and pay as much as they could pay. That is what has been done, and that is what is being overturned by the action the committee is now undertaking.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. COOPER. When the bill was first under consideration I raised this point, and I think the proviso as left in the bill perpetuates a discrimination between cities. On the day the bill was under consideration I read to the Senator from Michigan a telegram which I had received from the mayor of Louisville, in which he stated that there was no provision in the contracts with the city of Louisville for the payment of any sum in lieu of taxes. I asked the able Senator from Michigan upon that day if he construed the provision in the bill to be applicable to such a situation, and as he stated upon the floor upon that day he did not so construe it.

I am not going to question his decision at this time, but I do want to say that I believe if the Members of the Senate had understood this situation clearly, they would not have voted to retain the provision in the bill. I say that for this reason: If it were a question of laying down a matter of policy and saying that no city having such a contract shall be permitted to receive from the Federal Government any sum in lieu of taxes, that would be one thing, and it would be logical, and one could stand upon it. But that is not what is being said. What is being said is that some cities that were sufficiently farsighted or that, using the experience of other cities, included in their contracts some payment for taxes, can use Federal money in lieu of taxes, but it is being said to more than 100 cities

throughout the country in 15 or 20 States, "You cannot use any Federal money in lieu of taxes."

Mr. President, I believe the provision is discriminatory. I think it is an unfortunate provision. After the bill had been passed I wrote a letter to each one of the conferees. I discussed the matter with the distinguished Senator from Michigan and with the committee counsel. I believe many of the conferees agreed that it was discriminatory, and I urged that it be changed in the conference, and I submitted an amendment. I still believe that the wording of the proviso could be construed to mean that it applies only to a reduction of the amount and that it is not applicable in the case of those cities which have no contract at all.

Mr. FERGUSON. Mr. President, the difference between the telegram which was read here and the actual contract was clear to the junior Senator from Michigan. So that there will be no misunderstanding, I must say upon the floor that this contract, and, as I am informed, all contracts in relation to taxes, are now covered by this provision. While some of us may say that there is discrimination, I must say that I cannot see that there is a discrimination between cities whose contracts contain provisions for 5 percent, 2 percent, or no amount at all, or \$1 and 2 percent, or some other amount. This method was no more nor less than a different method of putting up capital, and if a city says it wanted a removal of slums, that it wanted public housing, and wanted to contribute to such housing by a reduction of taxes or an amount in lieu of taxes, it is up to that city to do that. Why should the Federal Government, at an expense of \$1,500,000 a year as a subsidy, say to them, "We do not want you to contribute anything to housing. We do not want you to contribute 2 percent, or 5 percent. We do not want you to contribute only a dollar. We want to make it 10 percent. The Federal Government wants to pay the bill, rather than the municipality."

Why should not the people back home help to contribute to public housing? That is the theory of public housing.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. COOPER. I believe the Senator will admit that under the provisions of the bill we are permitting a great many cities to accept Federal funds in lieu of taxes. Is that correct?

Mr. FERGUSON. Up to the amount specified in their contracts. It may be 2 percent, 5 percent, or a dollar.

Mr. COOPER. And we are saying to more than 100 cities, many of them large cities which have obligated themselves to the same type of services, "You cannot receive any Federal funds in lieu of taxes." Is that not correct?

Mr. FERGUSON. In effect that is true; but the same cities are contribut-

ing to the housing program. They can contribute in this way or in some other way. The conferees were unanimous. In fact, this provision was not in dispute at all, and therefore there could be no change.

Mr. President, I ask that the conference report be agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
July 26, 1947.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 29 to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert:

"The Virgin Islands Company is authorized to borrow from the Treasury of the United States, for the purpose of carrying out any of the programs of the Company set forth in the budget for the fiscal year 1948, sums of money not to exceed a total of \$250,000: *Provided*, That none of the funds borrowed under this authority shall be available for repayment of bank loans outstanding at the date of enactment of this Act. For this purpose the Secretary of the Treasury is authorized and directed to make loans to the Company, out of any funds in the Treasury not otherwise appropriated, on such terms and conditions as the Secretary of the Treasury shall determine. Such loans shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company."

Mr. FERGUSON. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 29. This is known as the Virgin Islands amendment. The original provision in the bill was that the Virgin Islands Company could borrow from the Treasury of the United States \$500,000. We changed that amount to \$250,000, and inserted a proviso that "None of the funds borrowed for this authority shall be available for repayment of bank loans outstanding at the date of enactment of this act."

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Michigan.

The motion was agreed to.

(For continuation of Senate proceedings see page 10604 of today's RECORD.)

House of Representatives

SATURDAY, JULY 26, 1947

The House met at 10 o'clock a. m.
Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou infinite and eternal God, through whose mercies we are spared and by whose power we are sustained, on this day of adjournment we would render unto Thee the tribute of our heartfelt gratitude. Hitherto Thou hast blessed us and we have found Thee faithful unto all Thy promises.

We pray that Thou wilt bestow the benediction of Thy peace and the diadem of Thy praise, "Well done, thou good and faithful servant," upon our President, our Speaker, the chosen Representatives of our Republic, and all who have served our beloved country during this session of Congress in whatever capacity.

We commend and commit one another to the guiding and providing spirit of our Heavenly Father, for whom there is no darkness and no distance, with whom there are no setting suns or ebbing tides, and from whom neither time nor space can ever separate us.

May the Lord bless us and keep us; the Lord make His face to shine upon us and be gracious unto us; the Lord lift upon us the light of His countenance and give us peace.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills, a joint resolution, and a concurrent resolution of the House of the following titles:

H. R. 642. An act for the relief of Frank F. Miles;

H. R. 1648. An act for the relief of Willie P. Goodwin, J. M. Thorud, and W. H. Stokley;

H. R. 1791. An act for the relief of Dr. Theodore A. Geissman;

H. R. 2432. An act for the relief of Harry V. Ball;

H. R. 2534. An act for the relief of James H. Underwood;

H. R. 2776. An act to extend the times for commencing and completing the construction of a toll bridge across the Rio Grande, at or near Rio Grande City, Tex.;

H. R. 3546. An act to amend section 200 of Public Law 844, Seventy-fourth Congress, June 29, 1936, to permit recognition of officers and enlisted men retired from the military and naval forces of the United States as representatives of certain organizations in the presentation of claims to the Veterans' Administration;

H. R. 4075. An act to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the

welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes;

H. R. 4257. An act to provide an extension of time for claiming credit or refund with respect to war losses;

H. J. Res. 245. Joint resolution amending Public Law 27, Eightieth Congress; and

H. Con. Res. 110. Concurrent resolution relative to representation of the Congress at a meeting of the Empire Parliamentary Association at Bermuda in December 1947.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 31. Concurrent resolution relating to surplus buildings and lands for community purposes.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1350. An act to authorize relief of accountable officers of the Government, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 2857) entitled "An act to extend second-class mailing privileges to bulletins issued by State conservation and fish and game agencies or departments," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LANGER, Mr. BUCK, and Mr. MCKELLAR to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) entitled "An act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment No. 9; further insists upon its amendments in disagreement, asks a further conference with the House, and appoints Mr. FERGUSON, Mr. REED, Mr. WHERRY, Mr. SALTONSTALL, Mr. MCKELLAR, Mr. OVERTON, and Mr. RUSSELL as conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 2389) entitled "An act for the relief of Harriet Townsend Bottomley," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MOORE, Mr. COOPER, and Mr. KILGORE to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3678) entitled "An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1948, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 11, 16, 21, and 24 to the above-entitled bill.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1020) entitled "An act to amend the Philippine Rehabilitation Act of 1946, as amended," agrees to a conference asked by the House on the above-entitled bill.

Ordered, That Mr. CORDON, Mr. BUTLER, Mr. MALONE, Mr. DOWNEY, and Mr. MCFARLAND be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills and a joint resolution of the House of the following titles:

H. R. 493. An act to amend section 4 of the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia," approved July 8, 1932 (sec. 22, 3204 D. C. Code, 1940 ed.);

H. R. 4069. An act to terminate certain tax provisions before the end of World War II; and

H. J. Res. 238. Joint resolution to amend paragraph 1772 of the Tariff Act of 1930.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to a bill and joint resolution of the Senate of the following titles:

S. 1361. An act to amend the United States Housing Act of 1937 so as to permit loans, capital grants, or annual contributions for low-rent-housing and slum-clearance projects where construction costs exceed present cost limitations upon condition that local housing agencies pay the difference between cost limitations and the actual construction costs; and

S. J. Res. 148. Joint resolution to authorize the temporary continuation of regulation of consumer credit.

ONE HUNDREDTH ANNIVERSARY OF LIBERIA

The SPEAKER. The Chair wishes to announce that, at the request of the Committee To Celebrate the One Hundredth Anniversary of Liberia, the Speaker appointed a committee to consist of the Speaker, the gentlewoman from Ohio, Mrs. BOLTON, Mr. JAVITS, Mr.

MCGARVEY, Mr. VAIL, Mr. POULSON, Mr. DELANEY, Mr. DAWSON of Illinois, Mr. FALLON, and Mr. KARSTEN of Missouri. This committee will meet in room 23, central part of the Capitol, subbasement, at 5:40 Saturday afternoon, July 26. The procession will depart from that room at 6 o'clock to the platform on the Capitol steps. The radio broadcast starts at 6:15.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication:

JULY 26, 1947.

HON. JOSEPH W. MARTIN, Jr.,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I hereby submit my resignation as a member of the Joint Committee on Atomic Energy of the Senate and House of Representatives.

Respectfully,

R. E. THOMASON.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication:

JULY 26, 1947.

HON. JOSEPH W. MARTIN, Jr.,
Speaker, House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I hereby submit my resignation as a member of the standing Committee of the House of Representatives on Armed Services.

Respectfully,

R. E. THOMASON.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

EXTENSION OF REMARKS

Mr. ANDREWS of New York asked and was given permission to extend his remarks in the RECORD and include an outline of a ceremony in honor of the Speaker last night.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD in two instances; to include in one a summary of a bill, and in the other certain newspaper articles.

Mr. MARCANTONIO asked and was given permission to extend his remarks in the RECORD and include a statement.

Mr. DOMENGEAUX asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. LANE asked and was given permission to extend his remarks in the RECORD on the passing of the late Robert J. Watt.

Mrs. LUSK asked and was given permission to extend her remarks in the RECORD.

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD on the great work of F. J. Underwood, head of the Public Health Department of Mississippi.

Mr. LANDIS asked and was given permission to extend his remarks in the RECORD.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD.

Mr. BYRNES of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and to include in each articles.

Mr. ANDREWS of New York asked and was given permission to extend his remarks in the RECORD on the subject of WAC-WAVE legislation and legislation for the benefit of the Office of Chief of Naval Operations.

Mr. HESELTON asked and was given permission to extend his remarks in the RECORD in three instances.

CALL OF THE HOUSE

Mr. HESELTON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 132]

Arnold	Hays	Poulson
Barden	Hébert	Powell
Bates, Ky.	Heffernan	Preston
Bell	Jackson, Wash.	Rabin
Bennett, Mich.	Jenkins, Pa.	Rayfield
Bland	Jones, N. C.	Reed, Ill.
Bloom	Kean	Rizley
Buckley	Kearney	Robison
Butler	Kee	Sabath
Camp	Keefe	Smith, Ohio
Cannon	Kelley	Smith, Va.
Carroll	Kennedy	Somers
Celler	Keogh	Spence
Chapman	Kersten, Wis.	Stigler
Clark	Kilburn	Taylor
Clements	Klein	Thomas, N. J.
Coudert	Ludlow	Thomason
Dawson, Ill.	Lynch	Tollefson
Dingell	McDowell	Trimble
Doughton	McMillen, Ill.	Vail
Elsaesser	Mason	Vinson
Flannagan	Morgan	West
Fuller	Morrison	Wood
Gathings	Norrell	Zimmerman
Gifford	Norton	
Hall,	Patterson	
Edwin Arthur Pfeifer		

The SPEAKER. On this roll call 348 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES APPROPRIATION BILL, 1948

Mr. PLOESER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, with Senate amendments thereto, further insist on disagreement to the Senate amendments still in disagreement, and agree to a further conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PLOESER, JENSEN, SCHWABE of Missouri, COUDERT, MAHON, WHITTEN, and GORE.

APPOINTMENT TO COMMITTEE

Mr. COOPER. Mr. Speaker, I offer a privileged resolution (H. Res. 344) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That Hon. FRANK R. HAVENNER, of the State of California be, and he is hereby, elected a member of the standing Committee of the House of Representatives on Armed Services.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR FREE IMPORTATION OF SYNTHETIC-RUBBER SCRAP

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 2029) to provide for the free importation of synthetic-rubber scrap.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 1697 of the Tariff Act of 1930 (relating to the free importation of rubber and rubber scrap) is amended by striking out "scrap or refuse india rubber" and inserting in lieu thereof "scrap or refuse india or synthetic rubber."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. BULWINKLE, Mr. JOHNSON of California, Mr. PEDEN, Mr. HARLESS of Arizona, Mr. ELLIS, Mr. OWENS, Mr. MILLER of Nebraska, Mr. McDONOUGH, Mr. CROSSER, and Mr. HINSHAW asked and were given permission to extend their remarks in the RECORD.

Mrs. DOUGLAS asked and was given permission to extend her remarks in the RECORD in five instances and include certain excerpts.

Mr. O'TOOLE asked and was given permission to extend his remarks in the RECORD and include an address delivered by his eminence, Cardinal Spellman.

Mr. GORDON asked and was given permission to extend his remarks in the RECORD and include an article that appeared in the National Broadcasting publication.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD in three instances.

Mr. HAGEN asked and was given permission to extend his remarks in the RECORD and include a statement he made before the House Civil Functions Appropriations Committee.

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a table.

Mr. McCOWEN asked and was given permission to extend his remarks in the RECORD on Federal aid to education and include a report.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in regard to a bill he is introducing today and include three editorials.

Mr. BENDER asked and was given permission to extend his remarks in the RECORD in two instances.

lumbia, approved July 8, 1932 (sec. 22, 3204 D. C. Code, 1940 ed.).

The Clerk read the title of the bill.

The Clerk read the conference report.

(For conference report and statement, see proceedings of the House of July 16, 1947.)

Mr. O'HARA. Mr. Speaker, this bill is substantially in the same form as it passed the House, with an additional amendment which is a greater safeguard and protection to the individual.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Burke, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 4070. An act to carry into effect certain parts relating to patents of the treaties of peace with Italy, Bulgaria, Hungary, and Rumania, ratified by the Senate on June 5, 1947, and for other purposes.

The message also announced that the Senate recedes from its amendments to House Concurrent Resolution 104, Concurrent Resolution entitled "Concurrent resolution to establish a joint congressional committee to be known as the Joint Committee on Housing."

SELECT COMMITTEE TO CONDUCT A STUDY AND INVESTIGATION OF THE PROBLEMS OF SMALL BUSINESS

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that the Select Committee to Conduct a Study and Investigation of the Problems of Small Business may be permitted to file reports with the Clerk of the House during the recess or adjournment of the House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES APPROPRIATION BILL, 1948

Mr. PLOESER submitted the following conference report and statement on the bill (H. R. 3756) making appropriations for the Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, 31, and 33, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$18,700,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$5,000,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "one hundred and sixty-one"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In line 13 of said amendment strike out the figure "\$4,714,397" and insert in lieu thereof the following: "\$4,125,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$4,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

"Amounts equal to the total of all appropriations herein and hereafter made to the

Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,400,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,250,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$11,500,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Provided, That \$175,000 shall be available only for the audit and revision of past accounting records"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof the following: "\$250,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the figure stricken out and inserted by said amendment insert the following: "308"; and the Senate agree to the same.

The committee of conference report in disagreement amendment No. 29.

WALTER C. PLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, JR.,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH S. WHERRY,
KENNETH MCKELLAR,
JOHN H. OVERTON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government Corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments namely:

TITLE I—DIRECT APPROPRIATIONS

Amendment No. 1 appropriates \$18,700,000 for the Tennessee Valley Authority, instead of \$22,143,500 as proposed by the House and \$13,117,521 as proposed by the Senate.

Amendment No. 2 restores the House language making available not to exceed \$3,253,979 of the appropriation for the Tennessee Valley Authority for the construction of South Holston and Watauga Dams.

Amendments Nos. 3 and 4 earmark not to exceed \$5,000,000 of the appropriation for the Tennessee Valley Authority for chemical plant, instead of \$6,686,000 as proposed by the House and \$3,000,000 as proposed by the Senate; and deletes language proposed by the House and language proposed by the Senate which would have imposed unworkable restrictions upon the use of the funds so earmarked.

Amendment No. 5 strikes out the authority for the Tennessee Valley Authority to purchase aircraft as proposed by the Senate.

Amendment No. 6 authorizes the Tennessee Valley Authority to purchase 161 automobiles, instead of 221 as proposed by the House and 100 as proposed by the Senate.

Amendment No. 7 inserts the provision of the Senate earmarking \$12,000,000 of the 1947 reappropriated balance of the Tennessee Valley Authority for the construction of the Watauga and South Holston Dams, amended to provide that "not less than" \$12,000,000 of such balance shall be available for such construction.

Amendment No. 8 appropriates for the Office of the Housing Expediter \$4,125,000, instead of \$3,539,080 as proposed by the House and \$4,714,397 as proposed by the Senate. The amount proposed by the House was earmarked for liquidation of this Office, and the increased amount is to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 prior to completion of such liquidation.

Amendment No. 10 appropriates \$4,000,000 for the payment of contributions to public housing agencies, instead of \$2,200,000 as proposed by the House and \$5,700,000 as proposed by the Senate.

Amendment No. 11 strikes out the provision that no part of the appropriation for the payment of annual contributions to public housing agencies shall be used to pay such contributions unless the amount otherwise due is reduced by one-half the outstanding reserves on the books of such agency. It is the intention of the managers

on the part of the two Houses that the reserves on hand be utilized by the respective agencies for the purposes for which such reserves were created. It is further intended by the managers that the Federal Public Housing Authority shall so exercise its authority with respect to local housing agencies as to effect and maintain a reduction in the amount of the reserves maintained by individual housing agencies as may be excessive.

TITLE II

Amendment No. 12 corrects an error in printing.

Amendment No. 13 restores the proposal of the House whereby the Tennessee Valley Authority is required to pay to the Treasury over a period of 40 years the amount of \$348,239,240 representing the Federal investment in its power facilities, and requiring that one-fourth of such amount be paid in each 10-year period of such 40 years; but amends such proposal by striking out the requirement that not less than 40 percent of its net power income be paid into the Treasury each year.

Amendment No. 14 provides that not to exceed \$1,400,000 of the funds available to the Federal Home Loan Bank Administration may be used for administrative expenses, instead of not to exceed \$1,250,000 as proposed by the House and not to exceed \$1,550,000 as proposed by the Senate.

Amendment No. 15 provides that not to exceed \$3,250,000 of the funds available to the Home Owners' Loan Corporation may be used for administrative expenses, instead of not to exceed \$3,000,000 as proposed by the House and not to exceed \$3,500,000 as proposed by the Senate.

Amendment No. 16 provides that not to exceed \$20,000,000 of the funds of the Federal Housing Administration may be used for administrative expenses as proposed by the Senate, instead of not to exceed \$17,624,000 as proposed by the House.

Amendment No. 17 provides that the amounts available to the Federal Public Housing Authority for administrative expenses shall include not to exceed \$2,200,000 of the funds available for administrative expenses for the United States Housing Act program as proposed by the House, instead of not to exceed \$2,700,000 as proposed by the Senate.

Amendment No. 18 provides that not to exceed \$11,500,000 of the funds available to the Federal Public Housing Authority may be used for administrative expenses, instead of not to exceed \$10,400,000 as proposed by the House and not to exceed \$13,000,000 as proposed by the Senate.

Amendment No. 19 restores the House provision whereby the number of officers and employees of the Federal Public Housing Authority receiving compensation in excess of \$4,500 per annum shall not exceed 20 percent of the total number of employees of the Authority.

Amendment No. 20 provides that \$175,000 of the funds available to the Federal Public Housing Authority shall be available for the audit and revision of past accounting records as proposed by the Senate; and, as amended, "only" for such audit and revision.

Amendments No. 22 inserts the provision of the Senate for costs of penalty mail for the National Housing Agency by transfer from funds available for administrative expenses of the Office of the Administrator and the constituent units of the Agency, amended to provide for such transfers in an amount not exceeding \$250,000 instead of \$290,600 as proposed by the Senate.

Amendment No. 23 provides that not to exceed \$400,000 of the administrative expense funds of the Federal Farm Mortgage Corporation shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed

by the Senate, instead of \$275,000 as proposed by the House.

Amendment No. 24 restores the House provision permitting the Federal intermediate credit banks to purchase not to exceed 10 automobiles.

Amendment No. 25 provides that not to exceed \$181,250 of the administrative expense funds of the Federal intermediate credit banks shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$125,000 as proposed by the House.

Amendment No. 26 provides that the production credit corporations may purchase not to exceed 15 automobiles as proposed by the House instead of not to exceed 5 as proposed by the Senate.

Amendment No. 27 provides that not to exceed \$232,000 of the administrative expense funds of the production credit corporations shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$160,000 as proposed by the House.

Amendment No. 28 provides that not to exceed \$29,000 of the administrative expense funds of the Regional Agricultural Credit Corporation of Washington, D. C., shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$20,000 as proposed by the House.

Amendment No. 29 is reported in disagreement.

TITLE III

Amendment No. 30 strikes out the provision proposed by the House whereby no funds of any corporation or agency included in the accompanying bill may be used to pay other than a Government agency for an independent audit unless approved by the Comptroller General.

Amendment No. 31 provides that with respect to the transfer of title to office buildings at the seat of government to the United States, as required by section 306 of the accompanying bill, the Administrator of the Federal Works Agency shall make a final determination of the value of the property in case of disagreement by the Secretary of the Treasury and the head of the transferor corporation, as proposed by the Senate.

Amendment No. 32 restores the language proposed by the House amending section 104 of the Government Corporation Control Act of 1945; but with amendments thereto changing the words "making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine" to read "making available for expenditure for operating and administrative expenses such corporate funds or other financial resources" etc.; and striking out the words "Except as provided in such legislation" which preceded the words "the provisions of this section shall not be construed as preventing" etc.

Amendment No. 33 strikes out the amendment to section 101 of the Government Corporation Control Act, as proposed by the House, whereby certain mixed ownership Government corporations would have been subject to the same budgetary control as wholly owned Government corporations.

Section 308 of this bill, which included the following mixed ownership Government Corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, has been eliminated.

It is the opinion of the conferees that it is for the best interests of our country to have these banking institutions privately owned and that the mixed ownership of such corporations be terminated at the earliest opportunity that is practicable by their buying out the Government's interest. It is

our belief that this will in no way affect the proper operation of such institutions.

Legislation to accomplish this purpose is now before the Eightieth Congress in the case of the Federal Deposit Insurance Corporation. Eleven of the twelve Federal land banks have already followed the suggested procedure.

Amendment No. 34 changes a section number.

AMENDMENT IN DISAGREEMENT

The managers on the part of the House have authorized the following motion with respect to amendment No. 29: That the House recede and concur with an amendment making the amount of the proposed loan not to exceed \$250,000 instead of \$500,000 and prohibiting its use for repayment of outstanding indebtedness to banks.

WALTER C. PLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, Jr.,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

Mr. PLOESER. Mr. Speaker, I call up the conference report on the bill H. R. 3756, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. RICH. What are you going to do with the 161 automobiles for the TVA? We have had joy riding long enough. It is time for the joy rides to be stopped and we ought to put a stop to it.

Mr. PLOESER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 29: Page 21, after line 15, insert:

"The Virgin Islands Company is authorized to borrow from the Treasury of the United States, for the purpose of carrying out any of the programs of the Company set forth in the budget for the fiscal year 1948, sums of money not to exceed a total of \$500,000. For this purpose the Secretary of the Treasury is authorized and directed to make loans to the Company, out of any funds in the Treasury not otherwise appropriated, on such terms and conditions as the Secretary of the Treasury shall determine. Such loans shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company."

Mr. PLOESER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"The Virgin Islands Company is authorized to borrow from the Treasury of the United States, for the purpose of carrying out any of the programs of the Company set forth in the budget for the fiscal year 1948, sums of money not to exceed a total of \$250,000: *Provided*, That none of the funds borrowed under this authority shall be available for repayment of bank loans outstanding at the date of enactment of this act. For this purpose the Secretary of the Treasury is authorized and directed to make loans to the Company, out of any funds in the Treasury not otherwise appropriated, on such terms and conditions as the Secretary of the Treasury shall determine. Such loans shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company."

The motion was agreed to.

A motion to reconsider was laid on the table.

VETERANS OF INDIAN WARS

Mr. MATHEWS. Mr. Speaker, I move that the House suspend the rules and pass the bill, H. R. 4055, to provide increases in the rates of pension payable to veterans of Indian wars and the dependents of such veterans.

The Clerk read the bill, as follows:

Be it enacted, etc., That all monthly rates of pension payable to veterans of the Indian wars and dependents of such veterans which are payable under any laws administered by the Veterans' Administration are hereby increased by 20 percent.

The increases provided by this section shall be effective from the first day of the second calendar month following the date of enactment of this act.

The SPEAKER. Is a second demanded?

Mr. RIZLEY. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. MATHEWS. Mr. Speaker, this bill is designed to do for the veterans of the Indian wars what the House did a short time ago for Civil War and Spanish War veterans, that is, to increase the compensation 20 percent for both veterans and their dependents. As a matter of fact, according to our figures as of July 1, there were only 790 of these veterans left and about 2,200 dependents. The veterans are of an average age of 85 years, and the dependents of an average age of 80 years. The veterans themselves have a life expectancy of only 2.77 years, and the dependents a life expectancy of 4.39 years.

I do not see, Mr. Speaker, how we can fail to do for these veterans of the Indian wars what the House did in a bill passed here a short time ago on a roll call without a dissenting vote. The bill ought to be passed.

Mr. RIZLEY. Mr. Speaker, I yield myself 5 minutes and ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. RIZLEY. Mr. Speaker, several days ago the House by an overwhelming vote passed H. R. 4051, a bill which I

introduced to amend the Natural Gas Act. The bill is now pending in the other body. Since that time the Federal Power Commission has carried on one of the most intense, dishonest, and vicious lobbies imaginable against the bill. Title 18 of United States Code, section 201, provides:

No part of the money appropriated by any act shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designated to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

Information has come to me today that the Federal Power Commission, by the use of public funds, has carried on their vicious, unfair, unscrupulous, and dishonest propaganda by use of the mails, telephone and telegram, letters, and other printed matter.

Mr. Speaker, if my information just received today is correct, and I have every reason to believe it is, certain members of the FPC have violated the above statute in every respect, attempting to influence Members of Congress against H. R. 4051, or any similar legislation. I just received the information today. I will investigate between now and January 1, and if the facts are as I believe them to be, I am serving notice now that I will on the 1st day of January file charges on this floor to impeach certain members of the Federal Power Commission for violation of a criminal statute.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. KUNKEL. Why do not these bureaucrats have to register under our lobby registration law, the same as anybody else who comes up here?

Mr. RIZLEY. May I say to my distinguished friend from Pennsylvania I think under the reorganization bill we might quite well provide that these bureaus be required to register so that we can make them amenable to the lobbying provisions of that act, the same as representatives of business.

Mr. KUNKEL. If they are registered, then we would have them.

Mr. RIZLEY. The gentleman is correct.

Mr. Speaker, I yield back the remainder of my time.

Mr. RANKIN. Mr. Speaker, will the gentleman yield to me?

Mr. MATHEWS. Well, I want to get through with this bill.

Mr. RANKIN. Will the gentleman yield me 5 minutes?

Mr. MATHEWS. Is it on this bill?

Mr. RANKIN. I want to answer the gentleman. It sounds a little funny, with enough power trust and gas trust lobbyists in Washington to whip Japan, to jump on the members of the Federal Power Commission when we are discussing a pension bill. I will be glad to discuss the matter.

Mr. MATHEWS. I cannot yield to the gentleman. I am sorry, but I want this bill discussed on its merits.

I yield to the gentleman from North Carolina [Mr. BONNER] for a unanimous-consent request.

Mr. BONNER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made on the Parker refuge bill and include certain letters and communications I have received.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. MATHEWS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill, H. R. 4055?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

TO AMEND THE FEDERAL CROP INSURANCE ACT—CONFERENCE REPORT

Mr. HOPE, from the Committee on Agriculture, submitted the following conference report and statement on the bill (S. 1326) to amend the Federal Crop Insurance Act:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1326) to amend the Federal Crop Insurance Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That subsection (a) of section 508 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"(a) Commencing with crops planted for harvest in 1948, for the purpose of determining the most practical plan, terms, and conditions of insurance for agricultural commodities, if sufficient actuarial data are available, as determined by the Board, to insure, or to reinsure insurers of, producers of such agricultural commodities under any plan or plans of insurance determined by the Board to be adapted to any such commodity: *Provided*, That reinsurance for private insurance companies shall be limited to contracts covering farms in not to exceed twenty counties selected by the Board. Such insurance shall be against loss of the insured commodity while in the field due to unavoidable causes, including drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rains, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board. Any insurance offered against loss in yield shall not cover in excess of 75 per centum of the recorded or appraised average yield of the commodity on the insured farm, for a representative period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just: *Provided*, That, if 75 per centum of the average yield represents generally more protection than the investment in the crop in any area, taking into consideration recognized farming practices, the Board shall reduce such maximum percentage so as more nearly to reflect the investment in the crop in such area. Insurance provided under this subsection shall not cover losses due to the neglect or malfeasance of the producer, or to the failure

of the producer to reseed to the same crop in areas and under circumstances where it is customary to so reseed, or to the failure of the producer to follow established good farming practices. In 1948 insurance shall be limited to not more than seven crops (including wheat, cotton, flax, corn, and tobacco) and to not more than three additional crops in each year thereafter. Insurance provided for any agricultural commodity, except wheat, cotton, flax, corn, and tobacco, shall be limited to producers in not to exceed twenty counties. Insurance for wheat, cotton, corn, flax, and tobacco shall be limited to producers in not to exceed two hundred counties in the case of wheat, fifty-six counties in the case of cotton, fifty counties each in the case of corn and flax, and thirty-five counties in the case of tobacco. Counties selected by the Board shall be representative of the several areas where the agricultural commodity insured is normally produced. Insurance shall not be provided in any county unless written applications therefor are filed covering at least two hundred farms or one-third of the farms normally producing the agricultural commodity; nor shall insurance of any agricultural commodity be provided in any county in which the Board determines that the income from such commodity constitutes an unimportant part of the total agricultural income of the county. The Board may limit or refuse insurance in any county or area, or on any farm, on the basis of the insurance risk involved. The Corporation shall report annually to the Congress the results of its operations as to each commodity insured."

"SEC. 2. Subsection (b) of section 508 of the Federal Crop Insurance Act, as amended, is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: *Provided*, That such premiums may be established on the basis of the parity or comparable price for the commodity as determined and published by the Secretary of Agriculture, or on the basis of an average market price designated by the Board."

"SEC. 3. Subsection (c) of section 508 of the Federal Crop Insurance Act, as amended, is amended by striking out in the first sentence 'however,' and inserting in lieu thereof 'That indemnities may be determined on the same price basis as premiums are determined for the crop with respect to which such indemnities are paid: *Provided*, further,

"SEC. 4. Section 502 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"SEC. 502. It is the purpose of this title to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance."

"SEC. 5. Nothing in this Act shall be construed to affect the validity of any insurance contract entered into prior to the enactment of this Act insofar as such contract covers the 1947 crop year. Any such contract which purports to cover a crop in the 1948 or any subsequent crop year in any county in which insurance on such crop will be discontinued pursuant to this Act is hereby terminated at the end of the 1947 crop year."

"SEC. 6. Subsection (d) of section 507 of the Federal Crop Insurance Act, as amended, is amended by striking out the period at the end of the subsection and inserting a comma and the following: 'except that employees or agencies responsible for administering this Act in each county shall be selected and designated by the Corporation and shall be responsible directly to the Corporation without the intervention of any intermediate office or agency.'

"SEC. 7. Subsection (d) of section 506 of the Federal Crop Insurance Act is amended to read as follows:

"(d) Subject to the provisions of section 508 (c), may sue and be sued in its corporate name in any court of record of a State having general jurisdiction, or in any United States district court, and jurisdiction is hereby conferred upon such district court to determine such controversies without regard to the amount in controversy: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property."

"SEC. 8. Section 505 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"SEC. 505. (a) The management of the Corporation shall be vested in a Board of Directors (hereinafter called the "Board") subject to the general supervision of the Secretary of Agriculture. The Board shall consist of the manager of the Corporation, two other persons employed in the Department of Agriculture, and two persons experienced in the insurance business who are not otherwise employed by the Government. The Board shall be appointed by, and hold office at the pleasure of the Secretary of Agriculture, who shall not, himself, be a member of the Board."

"(b) Vacancies in the Board so long as there shall be three members in office shall not impair the powers of the Board to execute the functions of the Corporation, and three of the members in office shall constitute a quorum for the transaction of the business of the Board."

"(c) The Directors of the Corporation who are employed in the Department of Agriculture shall receive no additional compensation for their services as such Directors but may be allowed necessary traveling and subsistence expenses when engaged in business of the Corporation, outside of the District of Columbia. The members of the Board who are not employed by the Government shall be paid such compensation for their services as Directors as the Secretary of Agriculture shall determine, but such compensation shall not exceed \$100 per day each when actually employed and necessary traveling and subsistence expenses when engaged in business of the Corporation away from their homes or regular places of business."

"(d) The manager of the Corporation shall be its chief executive officer, with such power and authority as may be conferred upon him by the Board. He shall be appointed by, and hold office at the pleasure of, the Secretary of Agriculture."

And the House agree to the same.

CLIFFORD R. HOPE,
JOHN W. FLANNAGAN, Jr.,
AUGUST H. ANDRESEN,
WILLIAM HILL,
HAROLD D. COOLEY,

Managers on the Part of the House.

GEORGE D. AIKEN,
HARLAN J. BUSHFIELD,
ALLEN J. ELLENDER,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1326) to amend the Federal Crop Insurance Act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The amendment of the House struck out all after the enacting clause in the Senate bill and substituted the language of H. R. 3465. The conference agreement is a substitute for both the Senate bill and the House amendment and is identical with the House amendment except as hereafter explained.

In the matter of the number of counties in which crop insurance is to be offered, the Senate bill provided for wheat in 633 coun-

GOVERNMENT CORPORATIONS APPROPRIATION BILL,
1948

JULY 26, 1947.—Ordered to be printed

Mr. PLOESER, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 3756]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 17, 19, 24, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 11, 12, 16, 23, 25, 27, 28, 30, 31, and 33, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$18,700,000; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$5,000,000; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the matter stricken out and inserted by said amendment insert the following: *one hundred and sixty-one*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: : *Provided, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams*; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows:

In line 13 of said amendment strike out the figure, "\$4,714,397" and insert in lieu thereof the following: *\$4,125,000*; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert *\$4,000,000*; and the Senate agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

In lieu of the matter stricken out and inserted by said amendment insert the following:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expenses, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid

by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation.

And the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$1,400,000; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$3,250,000; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$11,500,000; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: : *Provided, That \$175,000 shall be available only for the audit and revision of past accounting records;* and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows:

On line 4 of said amendment strike out the figure "\$290,600" and insert in lieu thereof the following: \$250,000; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows:

SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, 79th Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate

funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

And the Senate agree to the same.

Amendment numbered 34:

That the House reeode from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows:

■ In lieu of the figure striken out and inserted by said amendment insert the following: 308; and the Senate agree to the same.

The committee of conference report in disagreement amendment No. 29.

WALTER C. PLOESER,

BEN F. JENSEN,

GEO. B. SCHWABE,

F. R. COUDERT, Jr.,

GEORGE MAHON,

JAMIE L. WHITTEN,

ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,

CLYDE M. REED,

LEVERETT SALTONSTALL,

KENNETH S. WHERRY,

KENNETH MCKELLAR,

JOHN H. OVERTON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3756) making appropriations for Government Corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments namely:

TITLE I—DIRECT APPROPRIATIONS

Amendment No. 1 appropriates \$18,700,000 for the Tennessee Valley Authority, instead of \$22,143,500 as proposed by the House and \$13,117,521 as proposed by the Senate.

Amendment No. 2 restores the House language making available not to exceed \$3,253,979 of the appropriation for the Tennessee Valley Authority for the construction of South Holston and Watauga Dams.

Amendments Nos. 3 and 4 earmark not to exceed \$5,000,000 of the appropriation for the Tennessee Valley Authority for chemical plant, instead of \$6,686,000 as proposed by the House and \$3,000,000 as proposed by the Senate; and deletes language proposed by the House and language proposed by the Senate which would have imposed unworkable restrictions upon the use of the funds so earmarked.

Amendment No. 5 strikes out the authority for the Tennessee Valley Authority to purchase aircraft as proposed by the Senate.

Amendment No. 6 authorizes the Tennessee Valley Authority to purchase 161 automobiles, instead of 221 as proposed by the House and 100 as proposed by the Senate.

Amendment No. 7 inserts the provision of the Senate earmarking \$12,000,000 of the 1947 reappropriated balance of the Tennessee Valley Authority for the construction of the Watauga and South Holston Dams, amended to provide that "not less than" \$12,000,000 of such balance shall be available for such construction.

Amendment No. 8 appropriates for the Office of the Housing Expediter \$4,125,000, instead of \$3,539,080 as proposed by the House and \$4,714,397 as proposed by the Senate. The amount proposed by the House was earmarked for liquidation of this Office, and the increased amount is to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 prior to completion of such liquidation.

Amendment No. 10 appropriates \$4,000,000 for the payment of contributions to public housing agencies, instead of \$2,200,000 as proposed by the House and \$5,700,000 as proposed by the Senate.

Amendment No. 11 strikes out the provision that no part of the appropriation for the payment of annual contributions to public housing agencies shall be used to pay such contributions unless the amount otherwise due is reduced by one-half the outstanding reserves

on the books of such agency. It is the intention of the managers on the part of the two Houses that the reserves on hand be utilized by the respective agencies for the purposes for which such reserves were created. It is further intended by the managers that the Federal Public Housing Authority shall so exercise its authority with respect to local housing agencies as to effect and maintain a reduction in the amount of the reserves maintained by individual housing agencies as may be excessive.

TITLE II

Amendment No. 12 corrects an error in printing.

Amendment No. 13 restores the proposal of the House whereby the Tennessee Valley Authority is required to pay to the Treasury over a period of 40 years the amount of \$348,239,240 representing the Federal investment in its power facilities, and requiring that one-fourth of such amount be paid in each 10-year period of such 40 years; but amends such proposal by striking out the requirement that not less than 40 percent of its net power income be paid into the Treasury each year.

Amendment No. 14 provides that not to exceed \$1,400,000 of the funds available to the Federal Home Loan Bank Administration may be used for administrative expenses, instead of not to exceed \$1,250,000 as proposed by the House and not to exceed \$1,550,000 as proposed by the Senate.

Amendment No. 15 provides that not to exceed \$3,250,000 of the funds available to the Home Owners' Loan Corporation may be used for administrative expenses, instead of not to exceed \$3,000,000 as proposed by the House and not to exceed \$3,500,000 as proposed by the Senate.

Amendment No. 16 provides that not to exceed \$20,000,000 of the funds of the Federal Housing Administration may be used for administrative expenses as proposed by the Senate, instead of not to exceed \$17,624,000 as proposed by the House.

Amendment No. 17 provides that the amounts available to the Federal Public Housing Authority for administrative expenses shall include not to exceed \$2,200,000 of the funds available for administrative expenses for the United States Housing Act program as proposed by the House, instead of not to exceed \$2,700,000 as proposed by the Senate.

Amendment No. 18 provides that not to exceed \$11,500,000 of the funds available to the Federal Public Housing Authority may be used for administrative expenses, instead of not to exceed \$10,400,000 as proposed by the House and not to exceed \$13,000,000 as proposed by the Senate.

Amendment No. 19 restores the House provision whereby the number of officers and employees of the Federal Public Housing Authority receiving compensation in excess of \$4,500 per annum shall not exceed 20 percent of the total number of employees of the Authority.

Amendment No. 20 provides that \$175,000 of the funds available to the Federal Public Housing Authority shall be available for the audit and revision of past accounting records as proposed by the Senate; and, as amended, "only" for such audit and revision.

Amendment No. 22 inserts the provision of the Senate for costs of penalty mail for the National Housing Agency by transfer from funds

available for administrative expenses of the Office of the Administrator and the constituent units of the Agency, amended to provide for such transfers in an amount not exceeding \$250,000 instead of \$290,600 as proposed by the Senate.

Amendment No. 23 provides that not to exceed \$400,000 of the administrative expense funds of the Federal Farm Mortgage Corporation shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$275,000 as proposed by the House.

Amendment No. 24 restores the House provision permitting the Federal intermediate credit banks to purchase not to exceed 10 automobiles.

Amendment No. 25 provides that not to exceed \$181,250 of the administrative expense funds of the Federal intermediate credit banks shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$125,000 as proposed by the House.

Amendment No. 26 provides that the production credit corporations may purchase not to exceed 15 automobiles as proposed by the House instead of not to exceed 5 as proposed by the Senate.

Amendment No. 27 provides that not to exceed \$232,000 of the administrative expense funds of the production credit corporations shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$160,000 as proposed by the House.

Amendment No. 28 provides that not to exceed \$29,000 of the administrative expense funds of the Regional Agricultural Credit Corporation of Washington, D. C., shall be available for payment to the Farm Credit Administration for supervisory or other services rendered as proposed by the Senate, instead of \$20,000 as proposed by the House.

Amendment No. 29 is reported in disagreement.

TITLE III

Amendment No. 30 strikes out the provision proposed by the House whereby no funds of any corporation or agency included in the accompanying bill may be used to pay other than a Government agency for an independent audit unless approved by the Comptroller General.

Amendment No. 31 provides that with respect to the transfer of title to office buildings at the seat of government to the United States, as required by section 306 of the accompanying bill, the Administrator of the Federal Works Agency shall make a final determination of the value of the property in case of disagreement by the Secretary of the Treasury and the head of the transferor corporation, as proposed by the Senate.

Amendment No. 32 restores the language proposed by the House amending section 104 of the Government Corporation Control Act of 1945; but with amendments thereto changing the words "making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine" to read "making available for expenditure for operating and administrative expenses such corporate funds or other financial resources" etc.; and striking out the words "Except as provided in such legislation"

which preceded the words "the provisions of this section shall not be construed as preventing" etc.

Amendment No. 33 strikes out the amendment to section 101 of the Government Corporation Control Act, as proposed by the House, whereby certain mixed ownership Government corporations would have been subject to the same budgetary control as wholly owned Government corporations.

Section 308 of this bill, which included the following mixed ownership Government Corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation, has been eliminated.

It is the opinion of the conferees that it is for the best interests of our country to have these banking institutions privately owned and that the mixed ownership of such corporations be terminated at the earliest opportunity that is practicable by their buying out the Government's interest. It is our belief that this will in no way affect the proper operation of such institutions.

Legislation to accomplish this purpose is now before the Eightieth Congress in the case of the Federal Deposit Insurance Corporation. Eleven of the twelve Federal land banks have already followed the suggested procedure.

Amendment No. 34 changes a section number.

AMENDMENT IN DISAGREEMENT

The managers on the part of the House have authorized the following motion with respect to amendment No. 29: That the House recede and concur with an amendment making the amount of the proposed loan not to exceed \$250,000 instead of \$500,000 and prohibiting its use for repayment of outstanding indebtedness to banks.

WALTER C. PLOESER,
BEN F. JENSEN,
GEO. B. SCHWABE,
F. R. COUDERT, Jr.,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.



[PUBLIC LAW 268—80TH CONGRESS]

[CHAPTER 358—1ST SESSION]

[H. R. 3756]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1948, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), \$18,700,000, including not to exceed \$3,253,979 for the construction of South Holston Dam and Watauga Dam and not to exceed \$5,000,000 for chemical plant; hire, maintenance, repair, and operation of aircraft, and the purchase of one hundred and sixty-one and hire of passenger motor vehicles; penalty mail (not to exceed \$20,000), together with the unexpended balance of funds heretofore appropriated (the unobligated portion of such unexpended balance to be expended only for public works commenced prior to July 1, 1947), to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations: *Provided*, That of said unexpended balance, not less than \$12,000,000 is to be available for the construction of the Watauga and South Holston Dams.

HOUSING EXPEDITER

Salaries and expenses, Office of the Housing Expediter: For all expenses, including penalty mail costs, necessary to enable the Housing Expediter to perform his functions pursuant to title I of the Housing and Rent Act of 1947 and to liquidate the functions of the Office of the Housing Expediter performed under Public Law 388, Seventy-ninth Congress, and title I of the Housing and Rent Act of 1947 (which liquidation shall be completed by June 30, 1948), including hire of passenger motor vehicles; services as authorized by section 15 of the Act of August 2, 1946 (Public Law 600), but at rates for individuals not in excess of \$35 per diem; and not to exceed \$5,000 for payment of claims pursuant to part 2 of the Federal Tort Claims Act, \$4,125,000, of which \$1,908,000 shall be available exclusively for terminal leave.

NATIONAL HOUSING AGENCY

OFFICE OF THE ADMINISTRATOR

Salaries and expenses, Office of the Administrator, \$100,000, including cost of penalty mail: *Provided*, That the cost of terminal leave of any personnel of the Office of the Administrator shall be paid out of funds available for administrative expenses to the constituent units of the National Housing Agency: *Provided further*, That there shall be transferred to this account not to exceed \$765,000 of the funds available under sections 303 and 502 of Public Law 849, Seventy-sixth Congress, as amended; such total funds to be available for all necessary administrative expenses of the Office of the Administrator.

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410) \$4,000,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorable) from, or the family of any serviceman who died in, the armed forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For the payment of obligations incurred under the contract authorization of \$18,000,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agencies Appropriation Act, 1944, \$7,000,000: *Provided*, That this appropriation shall be available only for completion of programs heretofore inaugurated and for the liquidation of The Institute of Inter-American Affairs.

INTER-AMERICAN EDUCATIONAL FOUNDATION, INCORPORATED

For the payment of obligations incurred under the contract authorization of \$2,500,000 under the head "Office of the Coordinator of Inter-American Affairs" in the National War Agency Appropriation Act, 1945, \$1,115,000: *Provided*, That this appropriation shall be available

only for completion of programs heretofore inaugurated and for the liquidation of the Inter-American Educational Foundation, Incorporated.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the programs set forth in the Budget for the fiscal year 1948 for each such corporation or agency, except as hereinafter provided:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: Not to exceed \$800,000 (to be on an accrual basis) of the funds of the Export-Import Bank of Washington shall be available during the fiscal year 1948 for all administrative expenses of the Bank, including not to exceed \$100 for periodicals, \$200 for newspapers, and \$200 for maps; health service program as authorized by the Act of August 8, 1946 (Public Law 658), and not to exceed \$24,000 for temporary services, as authorized by section 15 of the Act of August 2, 1946 (Public Law 600): *Provided further*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belong to the Bank or in which it has an interest, including expenses of collections of pledged collateral, or the investigation or appraisal of any property in respect to which an application for a loan has been made, shall be considered as nonadministrative expenses for the purposes hereof.

Panama Railroad Company: Not to exceed \$750,000 (to be computed on an accrual basis) of the funds of the Company shall be available during the fiscal year 1948 for its administrative expenses, including administrative services performed for the Company by other Government agencies, which shall be determined in accordance with the Company's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, payment of claims, contributions to employees retirement system, expenditures which the Company's prescribed accounting system requires to be capitalized or charged to cost of commodities acquired, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, and disposition of facilities and other property belonging to the company or in which it has an interest.

Tennessee Valley Associated Cooperatives, Inc.: Not to exceed \$2,500 shall be available for administrative expenses related to liquidation: *Provided*, That appropriate steps shall be taken to secure the final dissolution and liquidation of the Corporation at the earliest practicable date and such dissolution and liquidation shall be under the supervision and direction of the Secretary of the Treasury.

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total

of \$348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than \$2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the ten-year period ending June 30, 1958, and in each succeeding ten-year period until the aforesaid total of \$348,239,240 shall have been paid, equal not less than a total of \$87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than \$10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of \$348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed forty years after the year in which such facilities go into operation.

None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power producing projects (except for replacement purposes) unless and until approved by Act of Congress.

NATIONAL HOUSING AGENCY

Federal Home Loan Bank Administration: Not to exceed a total of \$1,400,000 to be derived from the special deposit account established under the provisions under the head "Federal Home Loan Bank Administration" in the Independent Offices Appropriation Act, 1944, and from receipts of the Federal Home Loan Bank Administration or the Federal Home Loan Bank Board for the fiscal year 1948 and prior fiscal years, shall be available during the fiscal year 1948 for administrative expenses of the Federal Home Loan Bank Administration. (Executive Order 9070 of February 24, 1942), including health service program as authorized by the Act of August 8, 1946 (Public Law 658): *Provided*, That all necessary expenses in connection with the conservatorship of institutions insured by the Federal Savings and Loan Insurance Corporation and all necessary expenses (including services performed on a contract or fee basis, but not including other personal services) in connection with the handling, including the purchase, sale, and exchange, of securities on behalf of Federal Home Loan banks, and the sale, issuance, and retirement of, or payment of interest on, debentures or bonds, under the Federal Home Loan Bank Act, as amended, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of the Administration shall be incurred, allowed, and paid in accordance with the provisions of the Federal Home Loan Bank Act of July 22, 1932, as amended (12 U. S. C. 1421-1449).

Federal Savings and Loan Insurance Corporation: Not to exceed \$532,000 shall be available for administrative expenses, including health service program as authorized by the Act of August 8, 1946 (Public Law 658), and the use of services and facilities of the Federal Home Loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Home Owners' Loan Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, and expenses in connection with liquidation of insured institutions, liquidation or handling of assets of or derived from insured institutions, payment of insurance, and action for or toward the avoidance, termination, or minimizing of losses in the case of specific insured institutions: *Provided*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U. S. C. 1724-1730).

Home Owners' Loan Corporation: Not to exceed \$3,250,000 shall be available for administrative expenses, including health service program as authorized by the Act of August 8, 1946 (Public Law 658), and the use of services and facilities of the Federal Home Loan banks, Federal Reserve banks, and agencies of the Government, including the Federal Home Loan Bank Administration and the Federal Savings and Loan Insurance Corporation, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses (including services performed on a force account, contract, or fee basis, but not including other personal services) in connection with the acquisition, protection, operation, maintenance, improvement, or disposition of real or personal property belonging to said Corporation or in which it has an interest, and legal fees and expenses: *Provided*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with the Home Owners' Loan Act of 1933, as amended (12 U. S. C. 1461-1468).

Federal Housing Administration: In addition to the amounts available by or pursuant to law (which shall be transferred to this authorization) for the administrative expenses of the Federal Housing Administration in carrying out duties imposed by or pursuant to law, not to exceed \$20,000,000 of the various funds of the Federal Housing Administration as follows: (1) The mutual mortgage insurance fund; (2) the housing insurance fund; (3) the account in the Treasury comprised of funds derived from premiums collected under authority of section 2 (f), title I of the National Housing Act, as amended (12 U. S. C. 1701); and (4) the war housing insurance fund shall be available for expenditure, in accordance with the provisions of said Act for the administrative expenses of the Federal Housing Administration, including not to exceed \$1,500 for periodicals and newspapers; not to exceed \$1,500 for contract actuarial services; and health program as authorized by the Act of August 8, 1946 (Public Law 658): *Provided*, That necessary expenses of the Administration (including both services

performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Administration acquired under authority of titles I, II, and VI of said National Housing Act, shall be considered as nonadministrative for the purposes hereof: *Provided further*, That, except as herein otherwise provided, the administrative expenses and other obligations, including nonadministrative expenses, of the Administration shall be incurred, allowed, and paid in accordance with the provisions of said Act of June 27, 1934, as amended (12 U. S. C. 1701).

Federal Public Housing Authority: Of the amounts available by or pursuant to law for the administrative expenses of the Federal Public Housing Authority in carrying out duties imposed by or pursuant to law including not to exceed \$2,200,000 of the funds available for administrative expenses for the United States Housing Act program (all of which are hereby merged into a single administrative expense account), not to exceed \$11,500,000 shall be available for such expenses subject to the provisions of section 6 (b) of the act of September 1, 1937, as amended, 42 U. S. C. 1406 (b), including health service program as authorized by the Act of August 8, 1946 (Public Law 658): *Provided*, That the number of officers and employees receiving compensation in excess of \$4,500 per annum shall not exceed 20 per centum of the total number of officers and employees paid from such funds: *Provided further*, That necessary expenses of providing representatives of the Authority at the sites of non-Federal projects in connection with the construction of such non-Federal projects by public housing agencies with the aid of the Authority, shall be compensated by such agencies by the payment of fixed fees which in the aggregate in relation to the development costs of such projects will cover the costs of rendering such services, and expenditures by the Authority for such purpose shall be considered nonadministrative expenses, and funds received from such payments may be used only for the payment of necessary expenses of providing representatives of the Authority at the sites of non-Federal projects or for administrative expenses of the Authority not in excess of the amount authorized by the Congress: *Provided*, That \$175,000 shall be available only for the audit and revision of past accounting records.

Liquidation of resettlement projects: Not to exceed \$39,500 of the receipts derived from the operation of the projects transferred under paragraphs 1 (g) and 6 of Executive Order 9070 of February 24, 1942 (7 F. R. 1529), shall be available for necessary expenses in connection with and to facilitate disposition of the improved or unimproved lands in the suburban resettlement projects known as Greenbelt, Greendale, and Greenhills, pursuant to the provisions of section 5 of the Emergency Relief Appropriation Act of 1935 (49 Stat. 115), for making surveys, plans, and plats, and expenses of additions, alterations, and improvements to streets and utilities.

Defense Homes Corporation: Not to exceed \$12,300 for the purposes of liquidation, including \$3,000 for payment of terminal leave, shall be available for administrative expenses, which shall be on an accrual basis: *Provided*, That such administrative expenses shall be exclusive of interest paid, depreciation, properly capitalized expenditures,

repayment of loans, property operating expenses (including project inventory), charges to surplus and operating reserve, and cost of sales of commodities, services, and property: *Provided further*, That advances of funds made in connection with the operation of housing properties are hereby authorized.

Penalty Mail Costs: For deposit in the general fund of the Treasury for the costs of penalty mail for the National Housing Agency, as required by the Act of June 28, 1944 (Public Law 364), not to exceed \$250,000, said sum to be derived by transfer from the funds available for the administrative expenses of the Office of the Administrator and the constituent units of said Agency: *Provided*, That in no event shall any moneys in excess of the costs of penalty mail allocable, respectively, to said Office of the Administrator and to each of said constituent units be transferred hereunder.

FEDERAL LOAN AGENCY

War Damage Corporation: The Board of Directors of the Corporation shall pay or cause to be paid to the Treasury of the United States \$210,751,618.65 of the amount realized by the Corporation from its operations, such sum to be covered into the Treasury immediately upon the approval of this Act and applied to reduction of the national debt.

DEPARTMENT OF AGRICULTURE

Federal Farm Mortgage Corporation: Not to exceed \$2,750,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including employment on a contract or fee basis of persons, firms, and corporations for the performance of special services, including legal services, and the use of the services and facilities of Federal land banks, national farm loan associations, Federal Reserve banks, and agencies of the Government as authorized by the Act of January 31, 1934 (12 U. S. C. 1020-1020h); and said total sum shall be exclusive of interest expense, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That of the funds available to the Corporation for administrative expenses, not to exceed \$400,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Federal Intermediate Credit Banks: Not to exceed \$1,250,000 (to be computed on an accrual basis) of the funds of the banks shall be available for administrative expenses, including the purchase of not to exceed ten passenger motor vehicles, services performed for the banks by other Government agencies (except services performed by the banks for cooperatives in connection with loans to cooperative associations rediscounted or pledged with the Federal Intermediate Credit Banks, and services performed by any Federal Reserve bank and by the United States Treasury in connection with the financial transactions of the banks), and not to exceed \$4,000 for penalty mail; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging

to the banks or in which they have an interest: *Provided*, That of the funds available to the banks for administrative expenses, not to exceed \$181,250 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Production Credit Corporations: Not to exceed \$1,600,000 (to be computed on an accrual basis) of the funds of the corporations shall be available for administrative expenses, including the purchase of not to exceed fifteen passenger motor vehicles, services performed for the corporations by other Government agencies, and not to exceed \$4,000 for penalty mails; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the corporations or in which they have an interest: *Provided*, That of the funds available to the corporations for administrative expenses, not to exceed \$232,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Regional Agricultural Credit Corporation of Washington, District of Columbia: Not to exceed \$200,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including supervision and examination by the Farm Credit Administration and services performed for the Corporation by other Government agencies, and not to exceed \$3,200 for penalty mail; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That no other funds shall be available for administrative expenses of the Corporation: *Provided further*, That of the funds available to the Corporation for administrative expenses, not to exceed \$29,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: Not to exceed \$418,100 shall be available for administrative expenses, to be determined in the manner set forth under the title "General expenses" in the Uniform System of Accounts for Carriers by Water of the Interstate Commerce Commission (effective January 1, 1942), with the exception that the cost of the audit as required by Public Law 248, Seventy-ninth Congress, shall be deemed a nonadministrative expense for the purpose hereof, including not to exceed \$1,200 for penalty mail: *Provided*, That no funds shall be used to pay compensation of employees normally subject to the Classification Act of 1923, as amended, at rates in excess of rates fixed for similar services under the provisions of the Classification Act, as amended, nor to pay the compensation of vessel employees and such terminal and other employees as are not covered by the Classification Act, at rates in excess of rates prevailing in the river transportation industry in the area.

Warrior River Terminal Company: Not to exceed \$20,100 shall be available for administrative expenses, to be determined in the manner

set forth under the title "Operating expense accounts—general" in the Uniform System of Accounts for Steam Railroads of the Interstate Commerce Commission (issue of 1943) with the exception that the cost of the audit as required by Public Law 248, Seventy-ninth Congress, shall be deemed a nonadministrative expense for the purpose hereof: *Provided*, That, in the event of dissolution of the Company and/or the transfer of its assets to the Inland Waterways Corporation, the funds provided herein shall be transferred and merged with the administrative expenses of the Inland Waterways Corporation for the operation of its facilities.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company: Not to exceed \$20,000 (to be computed on an accrual basis) of the funds of the Company shall be available during the fiscal year 1948 for its administrative expenses which shall be determined in accordance with the Company's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, interest expense, payment of claims, contribution to the local government in lieu of taxes, expenditures which the Company's prescribed accounting system requires to be capitalized or charged to commodities produced or acquired and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection or disposition of facilities and other property belonging to the Company or in which it has an interest.

The Virgin Islands Company is authorized to borrow from the Treasury of the United States, for the purpose of carrying out any of the programs of the Company set forth in the budget for the fiscal year 1948, sums of money not to exceed a total of \$250,000: *Provided*, That none of the funds borrowed under this authority shall be available for repayment of bank loans outstanding at the date of enactment of this Act. For this purpose the Secretary of the Treasury is authorized and directed to make loans to the Company, out of any funds in the Treasury not otherwise appropriated, on such terms and conditions as the Secretary of the Treasury shall determine. Such loans shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$225,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available during the fiscal year 1948 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, vocational training expenses, payment of claims, expenditures which the said accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the Corporation or in which it has an interest.

DEPARTMENT OF STATE

The Institute of Inter-American Affairs: Not to exceed \$550,000 (to be computed on an accrual basis) of the funds available to the Corporation shall be available during the fiscal year 1948 for its administrative expenses, including not to exceed \$3,000 shall be available for penalty mail, and the cost of administrative services performed for the Corporation by other Government agencies, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of expenditures made outside continental United States, and expenditures which the Corporation's prescribed accounting system requires to be capitalized or charged directly to or directly related to the operating programs: *Provided*, That the total cost of liquidation shall be paid out of funds available to the Corporation without additional appropriations therefor.

Institute of Inter-American Transportation: Not to exceed \$3,000 of the funds available to the Corporation shall be available for payment of terminal leave only: *Provided*, That all administrative duties and responsibilities shall be assumed by such officers and employees of the Department of State as the Secretary of State may designate, and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of State shall take appropriate steps to secure the final dissolution and liquidation of said Corporation at the earliest practicable date: *Provided further*, That the total cost of liquidation shall be paid out of funds available to the Corporation without additional appropriations therefor.

Inter-American Educational Foundation, Inc.: Not to exceed \$250,000 (to be computed on an accrual basis) of the funds available to the Corporation shall be available during the fiscal year 1948 for its administrative expenses, including not to exceed \$1,500 shall be available for penalty mail; including the cost of administrative service performed for the Corporation by other Government agencies, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of expenditures made outside the continental limits of the United States, and expenditures which the Corporation's prescribed accounting system requires to be capitalized or charged directly to or directly related to the operating programs.

Prencinradio, Incorporated: Not to exceed \$2,000 of the funds available to the Corporation shall be available for payment of terminal leave only: *Provided*, That all administrative duties and responsibilities shall be assumed by such officers and employees of the Department of State as the Secretary of State may designate, and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of State shall take appropriate steps to secure the final dissolution and liquidation of said Corporation at the earliest practicable date: *Provided further*, That the total cost of liquidation shall be paid out of funds available to the Corporation without additional appropriations therefor.

TITLE III

GENERAL PROVISIONS

SEC. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia; printing and binding; examination of budgets and estimates of appropriations in the field; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States), and the Act of February 14, 1931, as amended (5 U. S. C. 73a); for the objects specified under the head "General provisions" in title II of the Independent Offices Appropriation Act, 1948, all the provisions of which title unless otherwise specified in this Act, shall be applicable to the expenditure of such funds; and services in accordance with section 15 of the Act of August 2, 1946 (Public Law 600).

SEC. 302. No part of any funds of any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for payment of claims settled in accordance with part 2 of the Federal Tort Claims Act.

SEC. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress) or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, as amended, and no such fund shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant: *Provided*, That this section shall not be so construed as to modify or repeal any provision of any other law respecting warranting, accounting for, and auditing of funds.

SEC. 305. No part of the funds of, or available for expenditure by, any corporation or agency included in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow

of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any funds available to any corporation or agency included in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing laws.

SEC. 306. Title to all office buildings at the seat of government, which are owned by wholly owned Government corporations, and all right, title, or interest of such corporations in the land upon which such buildings are located are hereby transferred to the United States, and the Secretary of the Treasury is authorized and directed to discharge the indebtedness to the Treasury of any corporation holding such rights, title, or interests in any such land or building to the value thereof as determined by the Secretary of the Treasury as of the date of transfer: *Provided*, That in case of disagreement on the part of the head of the Corporation with respect to said value as determined, the Administrator of the Federal Works Agency shall make a final determination of the property value. Hereafter, such buildings shall be controlled and managed in the same manner as prescribed in the Act of March 1, 1919, as amended (40 U. S. C. 1). Wholly owned Government corporations requiring space in office buildings at the seat of government shall occupy only such space as may be allotted in accordance with the provisions of such Act of March 1, 1919, as amended (40 U. S. C. 1), and shall pay such rental thereon as may be determined by the Federal Works Administrator, such rental to include all cost of maintenance, upkeep, and repair.

SEC. 307. Section 104 of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress) is hereby amended to read as follows:

"SEC. 104. The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

SEC. 308. This Act may be cited as "The Government Corporations Appropriation Act, 1948".

Approved July 30, 1947.